

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

HOUSE BILL 1399

By: Representative Richmond

By: Senator G. Stubblefield

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE ISSUANCE OF
DONATION DEEDS AND HOMESTEAD DONATION DEEDS BY THE
COMMISSIONER OF STATE LANDS; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE ISSUANCE
OF DONATION DEEDS AND HOMESTEAD DONATION
DEEDS BY THE COMMISSIONER OF STATE
LANDS.

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

SECTION 1. Arkansas Code § 18-60-212(a), concerning the recovery of lands held under tax title, is amended to read as follows:

(a) No action for the recovery of any lands or for the possession thereof against any person, or his or her heirs or assigns, who may hold such lands by virtue of a purchase thereof at a sale by the collector or Commissioner of State Lands, for the nonpayment of taxes, or who may have purchased them from the state by virtue of any act providing for the sale of lands forfeited to the state or the nonpayment of taxes, ~~or who may hold the land under a donation deed from the state,~~ shall be maintained unless it appears that the plaintiff, his or her ancestors, predecessors, or grantors were seized or possessed of the lands in question within two (2) years next before the commencement of the action.

SECTION 2. Arkansas Code § 18-61-106(a), concerning the recovery of lands held under tax title, is amended to read as follows:



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(a) No action for the recovery of any lands or for the possession thereof against any person or persons, their heirs and assigns, who may hold such lands by virtue of a purchase thereof at a sale by the collector, or the Commissioner of State Lands, for the nonpayment of taxes, or who may have purchased the lands from the state by virtue of any act providing for the sale of lands forfeited to the state for the nonpayment of taxes, ~~or who may hold the land under a donation deed from the state,~~ shall be maintained, unless it appears that the plaintiff, his or her ancestors, predecessors, or grantors, was seized or possessed of the lands in question within two (2) years next before the commencement of the suit or action.

SECTION 3. Arkansas Code § 19-6-301(76), concerning the enumeration of special revenues, is amended to read as follows:

(76)(A) Commissioner of State Lands fees, including patent fees, as enacted by Acts 1883, No. 117, § 21-6-203;

(B) Deed fees, as enacted by Acts 1931, No. 245, § 22-5-408;

~~(C) Donation deed fees, as enacted by Acts 1883, No. 117, § 21-6-203;~~

~~(D)~~ Field notes and plats fees, as enacted by Acts 1881, No. 12, §§ 22-5-701 and 22-5-702;

~~(E)~~(D) Certificate of donation to forfeited land fees, as enacted by Acts 1883, No. 117, § 21-6-203; and

~~(F)~~(E) Those fees as specified in Acts 1983, No. 886, § 21-6-203;

SECTION 4. Arkansas Code Title 20, Chapter 80, Subchapter 4, is repealed.

~~Subchapter 4 — Commissioner of State Lands Urban Homestead Act~~

~~20-80-401. Title.~~

~~This subchapter shall be known as the “Commissioner of State Lands Urban Homestead Act”.~~

~~20-80-402. Purpose.~~

~~(a) This subchapter shall apply only to urban property and shall be~~

~~established to prevent waste of valuable real property already offered for public sale and not disposed of which has been certified to the office of the Commissioner of State Lands for nonpayment of ad valorem real property taxes.~~

~~(b) The further intent of this section is to provide cities, incorporated towns, legal entities that intend to apply for an award of low-income housing tax credits under section 42 of the Internal Revenue Code, and community organizations the ability to better serve any eligible person in need of a homestead and to provide the eligible person the opportunity to hold and maintain a private residence, and to contribute to the taxing structure of the applicable taxing units.~~

~~20-80-403. Definitions.~~

~~As used in this subchapter, unless the context otherwise requires:~~

~~(1) "Applicant" means any city, incorporated town, legal entity that intends to apply for an award of low-income housing tax credits under section 42 of the Internal Revenue Code, or community organization applying to the Commissioner of State Lands for donation of tax-forfeited land;~~

~~(2)(A) "Community organization" means a recreational, educational, social, or benevolent organization dedicated to improving the mental or physical health and welfare of its members and of the public.~~

~~(B) A community organization may be established for community betterment or beautification, environmental protection, establishment of housing, and other purposes beneficial to the community and may be a division of the federal, state, county, or local government or may be a private nonprofit corporation;~~

~~(3) "Eligible person" means an individual person or family unit meeting eligibility criteria for the sale, lease, or grant of a homestead. A corporation, partnership, association, or similar organization shall not be an eligible person;~~

~~(4) "Homestead" means the home and accompanying or adjoining land of the primary residence of a person; and~~

~~(5) "Urban" means land found within the city limits of any city or incorporated town in the state.~~

~~20-80-404. Duties of Commissioner of State Lands.~~

~~(a) All land subject to donation under this subchapter must have been~~

~~offered for sale to the highest bidder by the Commissioner of State Lands pursuant to § 26-37-101 et seq.~~

~~(b) After the Commissioner of State Lands has met the requirements of § 26-37-101 et seq., the Commissioner of State Lands may accept applications for donation of remaining tax forfeited urban property.~~

~~(c) The Commissioner of State Lands shall prescribe the requisite contracts, forms, or applications.~~

~~20-80-405. Applications for donations.~~

~~(a)(1) Applications for donation may be made by the following persons or community organizations:~~

~~(A) Agents of cities and incorporated towns that also have one (1) of the community organizations listed in subdivisions (a)(1)(B)(i)-(iv) of this section; or~~

~~(B) The chair of the board or executive director of one (1) of the following community organizations:~~

~~(i) A housing authority;~~

~~(ii) A community development agency;~~

~~(iii) A community development corporation; or~~

~~(iv) A local initiative support corporation.~~

~~(2) Other community organizations may apply for donation of the land so long as that organization is a nonprofit corporation that qualifies as an Internal Revenue Service section 501(c)(3) tax exempt organization.~~

~~(3) A legal entity that intends to apply for an award of federal low income housing tax credits under section 42 of the Internal Revenue Code may apply for donation of land under this subchapter only if the legal entity is a qualified nonprofit organization pursuant to section 42 of the Internal Revenue Code and accompanying regulations and guidance of the Internal Revenue Service.~~

~~(b) Any applicant must have legal authority to accept and convey title to properties for homesteading purposes.~~

~~20-80-406. Disposition of applications — Prior municipal approval.~~

~~(a) The Commissioner of State Lands may accept, modify, or deny any application.~~

~~(b) Before the Commissioner of State Lands may donate any parcel to~~

~~any applicant, other than agents of a city or incorporated town, the city or town shall grant express approval of the donation, thereby avoiding possible conflicts in planning or development projects overseen by the cities or towns of this state.~~

~~20-80-407. Contracts or deeds.~~

~~(a)(1) Accepted applications will result in a contract or limited warranty donation deed between the Commissioner of State Lands and the applicant for donation of tax forfeited lands.~~

~~(2) The contract or deed, to be provided by the Commissioner of State Lands, shall provide that the applicant will have primary responsibility for the development of the donated parcel.~~

~~(3) The contract or deed shall also set out the eligibility criteria for determining an eligible person with respect to a sale, lease, or grant of a homestead from the donated parcel and shall require the applicant to follow the eligibility criteria in making sales, leases, or grants from the donated parcel.~~

~~(b) Upon execution of a donation deed to the applicant, the Commissioner of State Lands may no longer be an immediate party to the construction or maintenance of the parcel, except that the contract or donation deed may contain a possibility of reverter to the Commissioner of State Lands should the proposed homestead, for any reason, not develop pursuant to specifications.~~

~~(c) In addition, the contract or deed may provide the time period within which the property may be developed.~~

~~20-80-408. Taxes — Liens — Encumbrances.~~

~~(a) With execution of the donation deed, the Commissioner of State Lands may waive outstanding taxes, penalties, and interest within the authority of the office of the Commissioner of State Lands.~~

~~(b) Other liens or encumbrances attached to the property not within the authority of the Commissioner of State Lands pursuant to § 26-37-101 et seq. will be considered a matter to be resolved between the applicant and the lienholder.~~

~~20-80-409. Title transfer — Consideration — Costs.~~

~~(a) No consideration shall be required for the transfer of title between the Commissioner of State Lands and the applicant, except one dollar (\$1.00).~~

~~(b) Additional, actual costs associated with the conveyance, including, but not limited to, abstracting, researching, confirmation of title, and the filing of documents with the county, may be charged to the applicant by the Commissioner of State Lands.~~

~~20-80-410. Development.~~

~~(a)(1) Development of the donated parcel shall be strictly for the construction or maintenance of a homestead for eligible persons.~~

~~(2) Upon completion of the construction of the home, the city, incorporated town, or community organization may sell, lease, or grant the home to any eligible person.~~

~~(b)(1) The homestead is to be used strictly for the private residence of the eligible person.~~

~~(2) The sale, lease, or grant of the home shall be a transaction between the applicant and the eligible person.~~

~~20-80-411. Restrictions—Taxes.~~

~~(a) The applicant is responsible for transferring the donated parcel to an eligible person.~~

~~(b) The eligibility criteria for the sale, lease, or grant of a homestead shall be established by the Commissioner of State Lands and shall take into account the income of the person or family unit, which shall not exceed the median family income, as determined by the United States Department of Housing and Urban Development, for the area in which the applicant is located.~~

~~(c) Upon transferring the land to the eligible person, the homestead will be treated as any other private residence and subject to all laws, rules, and regulations of the government, including the payment of real property taxes.~~

~~20-80-412. Public school development.~~

~~(a) A donated parcel of land held by a community organization under this subchapter may be used for educational purposes by a public school~~

~~district or open enrollment public charter school if:~~

- ~~(1) The donated parcel of land is in a census tract with a poverty rate higher than the average poverty rate in the State of Arkansas;~~
- ~~(2) The community organization received the donated parcel of land from the Commissioner of State Lands at least three (3) years earlier;~~
- ~~(3) An eligible person does not currently use the donated parcel of land for a homestead; and~~
- ~~(4) The proposed activities or uses are not prohibited by any use restrictions that were placed on the property for the purpose of protecting:~~

- ~~(A) Human health; or~~

- ~~(B) The integrity of any remedial action measures implemented on the property to protect human health or the environment.~~

~~(b) A community organization that receives a donated parcel of land may transfer the donated parcel of land to a recipient that shall use the donated parcel of land for development by a public school district or an open enrollment public charter school.~~

~~(c) Once a public school district or an open enrollment public charter school begins to use a donated parcel of land under this section for educational purposes, the donated parcel of land shall be released from present and future obligations, restrictions, and reversions imposed on the use and development of the donated parcel of land, except as provided by subdivision (a)(4) of this section.~~

~~(d) Taxes from previous tax years shall not apply to a donated parcel of land utilized by a public school district or an open enrollment public charter school under this section.~~

SECTION 5. Arkansas Code § 26-38-103(a), concerning the release of overdue tax lands sold to state under Acts 1881, No. 39, is amended to read as follows:

(a) As to all lands in the State of Arkansas which were sold to the state under the provisions of an act to enforce the payment of overdue taxes, Acts 1881, No. 39, approved March 12, 1881 [repealed], and an act amendatory thereto, approved March 22, 1881, to which the Commissioner of State Lands has executed ~~deeds of donation,~~ deeds of sale, or deeds of relinquishment, the state does release its title in favor of the grantees in these deeds,

their heirs, successors, and assigns forever. As to all these lands that have not been disposed of by the Commissioner of State Lands as indicated but which have been placed back upon the tax books of the counties wherein the lands lie, and the taxes have been paid thereon for more than seven (7) years since they were sold to the state under the provisions of these acts, the state does release all of its title. These provisions apply whether the lands were certified by the commissioner of the court to the county clerk of the county, as required by these acts, or not, and also to apply whether the lands were certified by the county clerk to the Office of the Commissioner of State Lands, or not.