

State of Arkansas

As Engrossed: H4/3/25

95th General Assembly

A Bill

Regular Session, 2025

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



1 production of gas; ~~or~~

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

4 (iv) Natural gas; or

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

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

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

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

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

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

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

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

25 (B)(i) Except as stated under subdivision (a)(4)(B)(ii) of
26 this section, when assessing the value of production equipment, the county
27 assessor shall assess the production equipment at a value of one dollar
28 (\$1.00) per foot.

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

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

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

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

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

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

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

17
18 SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for
19 assessment years beginning on or after January 1, 2025.

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21 /s/Jean
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24 APPROVED: 4/17/25
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