

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

# A Bill

HOUSE BILL 1937

5 By: Representative Jean  
6 By: Senators Stone, Caldwell  
7

## For An Act To Be Entitled

8  
9 AN ACT TO AMEND THE METHOD OF VALUATION FOR MINERAL  
10 RIGHTS UNDER ARKANSAS CONSTITUTION, ARTICLE 16, § 5;  
11 TO CLARIFY THE METHOD OF VALUATION FOR OIL AND GAS  
12 WELL PRODUCTION EQUIPMENT; TO PROVIDE FOR CONSISTENCY  
13 AND UNIFORMITY IN VALUATION; AND FOR OTHER PURPOSES.  
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## Subtitle

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17 TO AMEND THE METHOD OF VALUATION FOR  
18 MINERAL RIGHTS UNDER ARKANSAS  
19 CONSTITUTION, ARTICLE 16, § 5; AND TO  
20 CLARIFY THE METHOD OF VALUATION FOR OIL  
21 AND GAS WELL PRODUCTION EQUIPMENT.  
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. DO NOT CODIFY. Legislative intent.

26 The General Assembly intends for this act to:

27 (1) Be remedial;

28 (2) Clarify the law; and

29 (3) Apply retroactively to the effective date of Acts 2021, No.

30 668.  
31

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

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

35 (A) "~~Oil well~~ Well" means a producing unit well or well

36 that produces:



- 1 (i) Only liquid hydrocarbons;
- 2 (ii) Liquid hydrocarbons associated with the
- 3 production of gas; ~~or~~
- 4 (iii) Gas associated with the production of liquid
- 5 hydrocarbons;
- 6 (iv) Natural gas; or
- 7 (v) Any combination of oil, gas, and other
- 8 hydrocarbons; and

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

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

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

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

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

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

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

27 (B)(i) Except as stated under subdivision (a)(4)(B)(ii) of  
 28 this section, when assessing the value of production equipment, the county  
 29 assessor shall assess the production equipment at a value of one dollar  
 30 (\$1.00) per foot.

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

34 (5) If ~~an oil~~ a well reported production in a prior year and  
 35 reports an annual increase in average daily production, the annual increase  
 36 in average daily production shall be assessed as newly discovered property

1 only if the annual increase in average daily production is solely  
 2 attributable to new production from a geologic zone or horizon that was not  
 3 produced in a prior year from the existing ~~oil~~ well.

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

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

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

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

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 20 SECTION 3. DO NOT CODIFY. Retroactivity.

21 Section 2 of this act applies retroactively to assessment years  
 22 beginning on or after January 1, 2022.

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