State of Arkansas
96th General Assembly
Regular Session, 2027

A Bill

HOUSE BILL 1004

By: Representative Childress

For An Act To Be Entitled

AN ACT TO AMEND THE AUTHORITY OF THE COMMISSIONER OF STATE LANDS; TO AMEND THE PROCEDURES THE COMMISSIONER OF STATE LANDS MUST FOLLOW IN SELLING CERTAIN PROPERTY; TO AMEND THE LAW REGARDING THE RIGHTS OF PROPERTY OWNERS' ASSOCIATIONS AND HOMEOWNERS' ASSOCIATIONS IN RELATION TO THE SALE OF TAX-DELINQUENT LAND; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW REGARDING THE RIGHTS OF PROPERTY OWNERS' ASSOCIATIONS AND HOMEOWNERS' ASSOCIATIONS IN RELATION TO THE SALE OF TAX-DELINQUENT LAND.

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

SECTION 1. Arkansas Code § 26-37-201(b), concerning the notice required to be published before the sale at auction of tax-delinquent land, is amended to read as follows:

(b) The notice shall:

(1) Contain the amount of taxes, interest, penalties, and other costs due on the parcel;

(2)(A) Contain the amount of delinquent property owners' association fees or delinquent homeowners' association fees owed on the tax-delinquent parcel.

(B)(i) The property owners' association or homeowners' association shall, before the publication of the notice under this section,

provide to the Commissioner of State Lands the amount of delinquent property owners' association fees or delinquent homeowners' association fees owed on a tax-delinquent parcel.

(ii) The property owners' association or homeowners' association shall verify to the Commissioner of State Lands that the information provided under subdivision (b)(2)(B)(i) of this section is accurate;

(3)(A) Contain the name of the owner, the legal description, and parcel number of the parcel.

(B) A part or abbreviated legal description shall be sufficient in the notice if the name of the owner and parcel number are listed;

~~(3)~~(4) Contain a list of all interested parties; and

~~(4)~~(5) Indicate that the parcel will be sold to the highest successful bidder if the bid is equal to at least the amount of delinquent taxes, penalties, interest, and the costs of the sale.

SECTION 2. Arkansas Code § 26-37-202(b)(1), concerning the procedures for the sale at auction of tax-delinquent land, is amended to read as follows:

(b)(1)(A) ~~If~~ Except as provided under subdivision (b)(1)(B) of this section, if at a scheduled tax-delinquent property auction a person or entity does not bid at least the amount of delinquent taxes, penalties, interest, and the costs of the sale, the Commissioner of State Lands may sell a tax-delinquent parcel at an unsold-property auction.

(B)(i) If delinquent property owners' association fees or delinquent homeowners' association fees are owed on a tax-delinquent parcel at a scheduled tax-delinquent property auction, the Commissioner of State Lands shall:

(a) Set a minimum bid amount for the tax-delinquent parcel that is equivalent to the amount of delinquent taxes, penalties, interest, and the costs of the sale;

(b)(1) Notify all potential purchasers at the beginning of the tax-delinquent property auction about all delinquent property owners' association fees or delinquent homeowners' association fees owed on the tax-delinquent parcel.

(2) The notification under subdivision (b)(1)(B)(i)(b)(1) of this section shall include information regarding any lien that encumbers the parcel that is related to delinquent property owners' association fees or delinquent homeowners' association fees owed on the tax-delinquent parcel; and

(c) Give a property owners' association or homeowners' association the exclusive first right to purchase a tax-delinquent parcel located within the property owners' association or homeowners' association before any other potential purchasers are permitted to bid on the tax-delinquent parcel.

(ii) If no bidder bids at least the minimum bid amount under subdivision (b)(1)(B)(i)(a) of this section, the Commissioner of State Lands shall sell the tax-delinquent parcel at an unsold-property auction.

(C) The Commissioner of State Lands may conduct an unsold-property auction under ~~subdivision~~ subdivisions (b)(1)(A) and (b)(1)(B)(ii) of this section online.

SECTION 3. Arkansas Code § 26-37-202(e)(3), concerning the issuance of limited warranty deeds for tax-delinquent land purchased at auction, are amended to read as follows:

(3)(A) ~~If~~ Except as provided under subdivision (e)(3)(C) of this section, if a parcel subject to subdivision (e)(1)(A) of this section is not redeemed by the deadline stated in subdivision (e)(1)(A) of this section, the parcel shall be offered for sale at an in-person tax-delinquent auction, and if sold, a limited warranty deed shall be issued by the Commissioner of State Lands to the purchaser.

(B) If a parcel subject to subdivision (e)(1)(B) of this section is not redeemed by the deadline stated in subdivision (e)(1)(B) of this section, upon sale of the parcel, the Commissioner of State Lands shall issue a limited warranty deed to the purchaser.

(C) If delinquent property owners' association fees or delinquent homeowners' association fees are owed on a parcel subject to subdivision (e)(1) of this section, the Commissioner of State Lands shall not issue a limited warranty deed to the purchaser until the purchaser signs an agreement with the Commissioner of State Lands stating that the purchaser

will pay all delinquent property owners' association fees or homeowners' association fees due on the parcel.

SECTION 4. Arkansas Code § 26-37-203(a), concerning the conveyance of a tax-delinquent parcel to a purchaser, is amended to read as follows:

(a)(1) ~~If~~ Except as provided under subdivision (a)(2) of this section, if the tax-delinquent land is sold, the Commissioner of State Lands shall convey the tax-delinquent land by issuing a limited warranty deed to the land.

(2) If delinquent property owners' association fees or delinquent homeowners' association fees are owed on tax-delinquent land that is sold, the Commissioner of State Lands shall not convey the tax-delinquent land by issuing a limited warranty deed to the land until the purchaser signs an agreement with the Commissioner of State Lands stating that he or she will pay all delinquent property owners' association fees or homeowners' association fees due on the tax-delinquent land.

SECTION 5. Arkansas Code § 26-37-205(b)(2)(A)(i), concerning the distribution of funds from a tax-delinquent property auction, is amended to read as follows:

(i) ~~After~~ Except as provided under subdivision (b)(2)(A)(ii) of this section, after payment is made to the Commissioner of State Lands pursuant to subdivision (b)(1) of this section, the amount left in the remaining funds shall be paid to the former owners of the tax-delinquent parcel.

(ii) If delinquent property owners' association fees or delinquent homeowner's association fees are owed on a tax-delinquent parcel that is sold, then after payment is made to the Commissioner of State Lands under subdivision (b)(1) of this section, the amount of remaining funds, if any, shall be distributed as follows:

(a) The amount owed in delinquent property owners' association fees or delinquent homeowners' association fees shall be paid to the property owners' association or homeowners' association to which the delinquent property owners' association fees or delinquent homeowners' association fees are owed; and

(b) Any remaining funds shall be paid to the

former owners of the tax-delinquent parcel.