

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SENATE CONCURRENT RESOLUTION 1018

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE X, SECTION 7, CONSTITUTION OF ARIZONA; RELATING TO ADMINISTRATION AND DISPOSITION OF STATE TRUST LANDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Article X, section 7, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 7. Establishment of permanent funds; segregation.
7 investment and distribution of monies

8 Section 7. A. A separate permanent fund shall be
9 established for each of the several objects for which the said
10 grants are made and confirmed by the enabling act to the state,
11 INCLUDING ADMINISTRATION AND DISPOSITION OF THE LANDS, and
12 whenever any monies shall be in any manner derived from any of
13 said lands, the same shall be deposited by the state treasurer
14 in the TRUST LAND ADMINISTRATION FUND AS PROVIDED BY LAW OR THE
15 permanent fund corresponding to the grant under which the
16 particular land producing such monies was, by the enabling act,
17 conveyed or confirmed.

18 B. No monies shall ever be taken from one permanent fund
19 for deposit in any other, or for any object other than that for
20 which the land producing the same was granted or confirmed,
21 EXCEPT, TO INCREASE THE VALUE OF STATE TRUST LANDS, NOT MORE
22 THAN TEN PERCENT OF THE ANNUAL PROCEEDS FROM THE LANDS AND THE
23 NATURAL PRODUCTS AND MONEY PROCEEDS OF THE LANDS SHALL BE USED
24 EXCLUSIVELY FOR ADMINISTRATION AND DISPOSITION OF THE LANDS AS
25 PROVIDED BY LAW.

26 C. All such monies shall be invested in safe
27 interest-bearing securities and prudent equity securities
28 consistent with the requirements of this section.

29 D. The legislature shall establish a board of investment
30 to serve as trustees of the permanent funds. The board shall
31 provide for the management of the assets of the funds consistent
32 with the following conditions:

33 1. Not more than sixty ~~per cent~~ PERCENT of a fund at cost
34 may be invested in equities at any time.

35 2. Equities that are eligible for purchase are restricted
36 to stocks listed on any national stock exchange or eligible for
37 trading through the United States national association of
38 securities dealers automated quotation system, or successor
39 institutions, except as may be prohibited by general criteria or
40 by a restriction on investment in a specific security adopted
41 pursuant to this subsection.

42 3. Not more than five ~~per cent~~ PERCENT of all of the
43 funds combined at cost may be invested in equity securities
44 issued by the same institution, agency or corporation, other
45 than securities issued as direct obligations of and fully
46 guaranteed by the United States government.

1 E. In making investments under this section the state
2 treasurer and trustees shall exercise the judgment and care
3 under the prevailing circumstances that an institutional
4 investor of ordinary prudence, discretion and intelligence
5 exercises in managing large investments entrusted to it, not in
6 regard to speculation, but in regard to the permanent
7 disposition of monies, considering the probable safety of
8 capital as well as the probable total rate of return over
9 extended periods of time.

10 F. The earnings, interest, dividends and realized capital
11 gains and losses from investment of a permanent fund, shall be
12 credited to that fund.

13 G. The board of investment shall determine the amount of
14 the annual distributions required by this section and allocate
15 distributions pursuant to law. Beginning July 1, 2000 and
16 except as otherwise provided in this section, the amount of the
17 annual distribution from a permanent fund established pursuant
18 to this section is the amount determined by multiplying the
19 following factors:

20 1. The average of the annual total rate of return for the
21 immediately preceding five complete fiscal years less the
22 average of the annual percentage change in the GDP price
23 deflator, or a successor index, for the immediately preceding
24 five complete fiscal years. For the purposes of this paragraph:

25 (a) "Annual total rate of return" means the quotient
26 obtained by dividing the amount credited to a fund pursuant to
27 subsection F for a complete fiscal year, plus unrealized capital
28 gains and losses, by the average monthly market value of the
29 fund for that year.

30 (b) "GDP price deflator" means the gross domestic price
31 deflator reported by the United States department of commerce,
32 bureau of economic analysis, or its successor agency.

33 2. The average of the monthly market values of the fund
34 for the immediately preceding five complete fiscal years.

35 H. Notwithstanding any other provision of this section,
36 the annual distribution from the permanent funds for fiscal
37 years 2012-2013 through 2020-2021 shall be two and one-half ~~per~~
38 ~~cent~~ PERCENT of the average monthly market values of the fund
39 for the immediately preceding five calendar years.

40 2. The Secretary of State shall submit this proposition to the voters
41 at the next general election as provided by article XXI, Constitution of
42 Arizona.

PASSED BY THE HOUSE MARCH 7, 2015.

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PASSED BY THE SENATE MARCH 7, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 9, 2015.