OVERVIEW

SCR 1018 proposes an amendment to the Arizona Constitution allowing 10% of annual proceeds from state trust lands to be used for administration and disposition of trust lands.

HISTORY

Laws 2009, 3rd Special Session, Chapter 5 established the Trust Land Management Fund (TLMF) consisting of up to 10% of the annual proceeds of state trust lands, including the sale of timber, mineral, gravel or other natural products. Arizona Revised Statutes (A.R.S.) § 37-527 authorizes the State Land Commissioner (Commissioner) to determine the percentage of proceeds to be deposited in the TLMF each year and requires the percentage to be the same for all beneficiaries. Additionally, statute requires the Commissioner to administer the fund and notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting of the percentage on or before September 1 of the preceding fiscal year.

On November 10, 2011, the Arizona Court of Appeals ruled on the case of Rumery v. Baier, holding that A.R.S. § 37–527 violated Article 10, Section 7, as well as Article 4, Part 1, Section 1(6)(D), of the Arizona Constitution. The court also held the “appropriation of proceeds from state trust lands for trust administrative expenses clearly diverts money from the permanent state school fund specified in A.R.S. § 37–521,” and the Legislature's doing so without a three-quarters vote violated the voter-protection provisions.

Section 28 of the Enabling Act states “[d]isposition of any said lands, or of any money or thing of value directly or indirectly derived therefrom, for any object other than for such particular lands, or the lands from which such money or thing of value shall have been derived, were granted or confirmed, or in any manner contrary to the provisions of this Act, shall be deemed a breach of trust” (June 20, 1910, c. 310, 36 Stat. 557, 568-579).

PROVISIONS

1. Proposes an amendment to the Arizona Constitution allowing not more than 10% of the annual proceeds from state trust lands and proceeds from natural products derived from trust lands to be used for administration and disposition lands to increase the value of the state trust.

2. Requires the Secretary of State to submit the proposition to the voters at the 2016 general election.

3. Makes technical and conforming changes.