

House Engrossed Senate Bill  
military installation fund; property conveyance

State of Arizona  
Senate  
Fifty-fifth Legislature  
First Regular Session  
2021

**CHAPTER 274**  
**SENATE BILL 1447**

AN ACT

AMENDING SECTIONS 26-262 AND 41-2752, ARIZONA REVISED STATUTES; RELATING  
TO THE MILITARY INSTALLATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 26-262, Arizona Revised Statutes, is amended to  
3 read:

4 26-262. Military installation fund; rules; application  
5 review; award and use of monies; reporting  
6 requirements; definitions

7 A. The military installation fund is established consisting of  
8 revenues made available to the fund from any lawful source. The adjutant  
9 general shall administer the fund. On notice from the adjutant general,  
10 the state treasurer shall invest and divest monies in the fund as provided  
11 by section 35-313, and monies earned from investment shall be credited to  
12 the fund. The fund is exempt from the provisions of section 35-190  
13 relating to lapsing of appropriations.

14 B. Monies in the fund are continuously appropriated for the  
15 purposes of this section.

16 C. The department, in conjunction with the military affairs  
17 commission established by section 26-261, shall adopt by rule procedures  
18 for receiving and evaluating applications and awarding the monies as  
19 provided by subsection G of this section. If applications for monies  
20 exceed the amount available in the fund, the department may request  
21 applicants to reduce the amount of the applications or deny or award  
22 reduced amounts.

23 D. The department shall receive each application for fund monies  
24 and shall forward each application to the military affairs commission.  
25 The military affairs commission shall review each application and  
26 recommend to the department both of the following:

27 1. Each applicant that should be awarded monies from the fund.

28 2. The dollar amount that each applicant pursuant to paragraph 1 of  
29 this subsection should be awarded from the fund.

30 E. The department shall consider the military affairs commission's  
31 recommendations and shall decide how the monies in the fund shall be  
32 awarded among the applicants. The department, after reviewing the  
33 recommendations by the military affairs commission, shall make the monies  
34 in the fund available for the purpose of military installation  
35 preservation and enhancement projects. Except as provided in subsection F  
36 of this section, after the department makes an award decision the  
37 department shall award the monies.

38 F. If the department does not comply with the military affairs  
39 commission's recommendation for the awards, within five days after the  
40 department's decision the department shall report in writing to the  
41 military affairs commission, the president of the senate, the speaker of  
42 the house of representatives and the governor. The report shall include  
43 the award decision of the department and the recommendation of the  
44 military affairs commission. The department shall not distribute monies

1 from the fund to the applicants for at least sixty days after the report  
2 is received.

3 G. The department shall:

4 1. Award eighty percent of the monies in the fund for the following  
5 purposes, except that up to twenty percent of this amount may be awarded  
6 to cities, towns and counties for the purpose of acquiring private land  
7 for the purposes prescribed in paragraph 2 of this subsection:

8 (a) Acquisition of private property for the purpose of preserving a  
9 military installation.

10 (b) Acquisition of real estate and rights to real estate and  
11 otherwise preserving real estate from development or mitigating impacts on  
12 development in high noise or accident potential zones as defined in  
13 section 28-8461 and in areas as required to support a military  
14 installation.

15 (c) Acquisition of real estate, property rights and related  
16 infrastructure that are vital to the preservation or enhancement of a  
17 military installation.

18 (d) Structural renovations or construction of building  
19 modifications or improvements that mitigate or attenuate impacts in high  
20 noise or accident potential zones.

21 (e) Removal of structures or improvements that are necessary for  
22 acquisition of private property for the purpose of preserving a military  
23 installation.

24 (f) Management of acquired property that is necessary to preserve  
25 and enhance military missions and military installations.

26 2. Except as provided by subsection ~~L~~ M of this section, award  
27 twenty percent of the monies in the fund to cities, towns and counties  
28 for:

29 (a) Military installation preservation and enhancement projects or  
30 analytical reports or studies that are requested by federal or state  
31 agencies or military facilities in this state.

32 (b) Investment in or construction of capital improvements or  
33 infrastructure for the purpose of preserving a military installation.

34 (c) Structural renovations or construction of building  
35 modifications or improvements that mitigate or attenuate impacts in high  
36 noise or accident potential zones.

37 (d) Removal of structures or improvements that are necessary for  
38 acquisition of private property for the purpose of preserving a military  
39 installation.

40 (e) Management of acquired property that is necessary to preserve  
41 and enhance military missions and military installations.

42 H. Before awarding monies pursuant to subsection G of this section,  
43 the department shall submit a report of the proposed awards to the joint  
44 committee on capital review for review. The legislature shall review the

1 distribution formula prescribed in subsection G of this section at least  
2 once every four years.

3 I. Monies in the fund may be awarded for debt service on bonds  
4 issued by a political subdivision for the purpose of acquisition of  
5 private property for the purpose of preserving a military airport or  
6 ancillary military facility as defined in section 28-8461 if the land  
7 acquisition occurs after December 31, 2004.

8 J. The department shall annually report the awards made pursuant to  
9 this section. The report shall be in writing and shall be sent to the  
10 president of the senate, the speaker of the house of representatives and  
11 the governor. The department shall send a copy of this report to the  
12 secretary of state.

13 K. The department may:

14 1. Transfer any real estate, property rights and related  
15 infrastructure that are acquired pursuant to this section to any other  
16 governmental agency for the purposes of preserving or enhancing military  
17 installations in this state.

18 2. SELL OR OTHERWISE DISPOSE OF ANY REAL ESTATE, PROPERTY RIGHTS  
19 AND RELATED INFRASTRUCTURE ACQUIRED PURSUANT TO THIS SECTION. THE  
20 CONVEYANCE SHALL BE MADE TO THE HIGHEST AND MOST RESPONSIBLE BIDDER AT A  
21 PUBLIC SALE HELD FOR THAT PURPOSE.

22 3. AFTER ESTABLISHING, LAYING OUT OR SUBSTANTIALLY COMPLETING AN  
23 IMPROVEMENT TO REAL PROPERTY, CONVEY THE REAL PROPERTY OR ANY INTEREST IN  
24 THE REAL PROPERTY THAT THE DEPARTMENT DETERMINES IS NOT NECESSARY, USEFUL  
25 OR CONVENIENT FOR THE USE OF THE IMPROVEMENT BY THE DEPARTMENT. THE  
26 CONVEYANCE SHALL BE MADE TO THE HIGHEST AND MOST RESPONSIBLE BIDDER AT A  
27 PUBLIC SALE HELD FOR THAT PURPOSE.

28 4. LEASE OR SUBLEASE AT FAIR RENTAL VALUE ANY REAL ESTATE OR  
29 RELATED INFRASTRUCTURE THAT IS ACQUIRED PURSUANT TO THIS SECTION. A LEASE  
30 OR SUBLEASE THAT IS GRANTED PURSUANT TO THIS PARAGRAPH IS EXEMPT FROM  
31 SECTION 41-2752.

32 L. BEFORE ANY CONVEYANCE, LEASE OR SUBLEASE PURSUANT TO SUBSECTION  
33 K, PARAGRAPH 2, 3 OR 4 OF THIS SECTION, THE DEPARTMENT SHALL ENSURE THAT  
34 THE USE OR DEVELOPMENT OF ANY REAL ESTATE, PROPERTY RIGHTS AND RELATED  
35 INFRASTRUCTURE, REAL PROPERTY OR IMPROVEMENTS TO REAL PROPERTY COMPLIES  
36 WITH SECTION 28-8481.

37 ~~L.~~ M. If monies remain after the award of monies pursuant to  
38 subsection G, paragraph 2 of this section, the department may use the  
39 remaining monies AND ANY MONIES RECEIVED PURSUANT TO SUBSECTION K,  
40 PARAGRAPHS 2, 3 AND 4 OF THIS SECTION for either of the following:

41 1. The purposes prescribed in subsection G, paragraph 1 of this  
42 section.

43 2. Projects or studies necessary to preserve or enhance military  
44 missions and military installments in this state.



1           9. Agreements executed by the Arizona health care cost containment  
2 system administration with other states to design, develop, install and  
3 operate information technology systems and related services or other  
4 administrative services pursuant to section 36-2925.

5           10. Agreements executed by the department of economic security with  
6 other states to design, develop, install and operate support collection  
7 technology systems and related services. The department shall deposit,  
8 pursuant to sections 35-146 and 35-147, monies received pursuant to this  
9 paragraph in the public assistance collections fund established by section  
10 46-295.

11           11. Educational, vocational, treatment, training or work programs  
12 of the department of juvenile corrections and contracts between the  
13 department of juvenile corrections and this state, a political subdivision  
14 of this state or a private entity in order to provide employment or  
15 vocational educational experience.

16           12. The aflatoxin control technologies of the cotton research and  
17 protection council.

18           13. The lease or sublease of lands or buildings by the department  
19 of economic security pursuant to section 41-1958.

20           14. The Arizona commerce authority.

21           15. The Arizona game and fish commission, but only for the sale of  
22 goods or services and not firearms.

23           16. The lease or sublease of lands or buildings by the department  
24 of child safety pursuant to section 8-460.

25           17. Agreements executed by the department of child safety with  
26 other states to design, develop, install and operate support collection  
27 technology systems and related services. The department shall deposit,  
28 pursuant to sections 35-146 and 35-147, monies received pursuant to this  
29 paragraph in the child safety collections fund established by section  
30 8-461.

31           18. The lease or sublease of state hospital lands or buildings by  
32 the department of health services.

33           19. The sale or lease of software, computer systems or intellectual  
34 property developed by the department of education or associated services  
35 provided for the sale or lease of software, computer systems or  
36 intellectual property by the department of education. The department  
37 shall deposit, pursuant to sections 35-146 and 35-147, sixty percent of  
38 the profit from the monies generated pursuant to this paragraph in the  
39 state general fund and the remaining forty percent in the department of  
40 education intellectual property fund established by section 15-231.04.  
41 The department of education may not transfer or expend monies or personnel  
42 resources for the purposes of marketing or soliciting goods or services  
43 authorized pursuant to this paragraph that were appropriated and  
44 authorized for other functions and programs of the department of  
45 education.

1           20. THE LEASE OR SUBLEASE OF ANY REAL ESTATE OR RELATED  
2 INFRASTRUCTURE BY THE DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS  
3 PURSUANT TO SECTION 26-262, SUBSECTION K, PARAGRAPH 4.

4           D. The restrictions on activities that compete with private  
5 enterprise contained in subsection A of this section do not apply to  
6 community colleges and universities under the jurisdiction of a governing  
7 board.

8           E. For the purposes of this section, "profit" means any monies  
9 generated from the sale or lease of goods and services after accounting  
10 for the costs paid by this state, including appropriations from the state  
11 general fund.

APPROVED BY THE GOVERNOR APRIL 20, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2021.