

House Engrossed

state lands; leases; renewal applications

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
First Regular Session  
2021

## CHAPTER 33

# HOUSE BILL 2249

AN ACT

AMENDING SECTION 37-291, ARIZONA REVISED STATUTES; RELATING TO STATE  
LANDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 37-291, Arizona Revised Statutes, is amended to  
3 read:

4 37-291. Preferred rights to renewal of lease; exceptions;  
5 notification

6 A. ~~Upon~~ ON application to the state land department not less than  
7 thirty days nor more than one year before the expiration of a lease of  
8 state lands, the lessee, if a bona fide resident of ~~the~~ THIS state or  
9 legally authorized to transact business in this state, shall have a  
10 preferred right to renewal, bearing even date with the expiration of the  
11 old lease, for a term not longer than ten years, as determined by the  
12 department, at a reappraised rental.

13 B. The preferred right of renewal shall not extend to a lessee ~~who~~  
14 THAT has not substantially complied with the terms of the lease or ~~who~~  
15 THAT has not placed the land to the use prescribed in the lease during its  
16 term or within the time prescribed, unless for good cause the failure to  
17 perform was given written authorization by the department. If the  
18 department determines the continued leasing of the land is not in the best  
19 interest of the state trust, the lease shall not be renewed.

20 C. Not later than ninety days before the expiration of a lease, the  
21 department shall:

22 1. Notify the lessee by mail of the pending expiration, ~~enclosing~~  
23 AND ENCLOSE an application FOR THE LESSEE to renew the lease.

24 2. Send a copy of the notice to any parties ~~who~~ THAT have  
25 registered with the department as mortgagees or other lienholders of the  
26 lessee's interest by certified mail, return receipt requested.

27 D. THE DEPARTMENT SHALL ACCEPT RENEWAL APPLICATIONS BY MAIL AND MAY  
28 ACCEPT RENEWAL APPLICATIONS ELECTRONICALLY. THE METHOD BY WHICH THE  
29 RENEWAL APPLICATION IS SUBMITTED MAY NOT BE A FACTOR IN THE DEPARTMENT'S  
30 DETERMINATION OF WHETHER TO RENEW THE LEASE.

31 ~~D.~~ E. If the existing lease is not renewed and the existing lessee  
32 is in substantial compliance with the terms of the lease and there is ~~no~~  
33 NOT A new lessee or buyer for the land within ninety days after the lease  
34 termination, the commissioner must sign an agreement to reimburse the  
35 former lessee for the improvements on the lands as provided by section  
36 37-322.01.

37 Sec. 2. State land department; department of water resources;  
38 water storage facilities plan; report; delayed  
39 repeal

40 A. The state land commissioner and the director of water resources  
41 shall consult, use the resources of their respective departments and  
42 cooperate to do the following:

43 1. Develop a plan to create additional water storage in this state  
44 that includes preliminarily investigating acceptable sites to construct  
45 new water storage facilities on state trust land and identifying at least

1 six of the most potentially acceptable sites. The new water storage  
2 facilities may be water storage facilities on the earth's surface or  
3 underground storage facilities as defined in section 45-802.01, Arizona  
4 Revised Statutes.

5 2. On or before December 31, 2021, submit a report regarding the  
6 departments' activities, findings and recommendations to the governor, the  
7 president of the senate, the speaker of the house of representatives, the  
8 members of the senate water and agriculture committee and the members of  
9 the house of representatives natural resources, energy and water committee  
10 and provide a copy of this report to the secretary of state.

11 B. This section is repealed from and after December 31, 2023.

APPROVED BY THE GOVERNOR FEBRUARY 24, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 24, 2021.