

Senate Engrossed

~~management; state buildings; 2025-2026~~
(now: management; state properties; 2025-2026)

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

CHAPTER 244

SENATE BILL 1746

AN ACT

AMENDING SECTION 41-792.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2025,
CHAPTER 35, SECTION 1; RELATING TO THE MANAGEMENT OF STATE PROPERTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-792.01, Arizona Revised Statutes, is amended
3 to read:

4 41-792.01. Capital outlay stabilization fund; authorization
5 for collection of rental; basis of payment;
6 report; distribution of monies collected;
7 transfer of payment; lease-purchase building
8 operating and maintenance fund; definition

9 A. The capital outlay stabilization fund is established which shall
10 consist of monies paid into it in accordance with subsections D and F of
11 this section and legislative appropriations to the account. All monies in
12 the fund are exempt from the provisions of section 35-190 relating to
13 lapsing of appropriations.

14 B. The director shall make a recommendation for the allocation of a
15 varying sum to the capital outlay stabilization fund each year. No part
16 of the fund may be expended without specific appropriation from the
17 legislature.

18 C. Each state department and each state agency when using space
19 under the jurisdiction of the department as prescribed in section 41-791
20 or when using space in a building leased to the state shall pay rental and
21 tenant improvement labor costs as prescribed in subsection D, E or F of
22 this section.

23 D. The rental rates authorized for agencies occupying state-owned
24 buildings shall be determined by the joint committee on capital review
25 after recommendation by the director before July 1 of each even-numbered
26 year. The rental is payable whether the state department or state agency
27 is funded in whole or in part by state monies. The department of
28 administration shall transfer the entire amount of the rental fee assessed
29 on a state agency from the agency account into the capital outlay
30 stabilization fund promptly at the start of each fiscal year. During the
31 remainder of the fiscal year, the department of administration shall
32 calculate pro rata adjustments to the rental fee on a monthly basis to
33 reflect any changes in the occupancy of state-owned buildings. The
34 department of administration shall transfer the amount of the rental fee
35 adjustment assessed on a state agency from the agency account into the
36 capital outlay stabilization fund. The rental fee authorized for state
37 agencies occupying state-owned buildings is the greater of the amount
38 included in each agency's annual operating budget as reported by the staff
39 of the joint legislative budget committee or the pro rata adjusted amount
40 based on actual occupancy. The director of the department of
41 administration may authorize an exemption for periods of one year or more
42 at a time for a state agency from the full payment account transfer
43 requirements of this subsection if the agency can demonstrate a practice
44 of making full payment of rent on a different basis necessitated by its
45 cash flow. If a state agency does not have the financial resources for

1 state-owned space, or does not occupy or vacates state-owned space after
2 the beginning of the fiscal year, the director of the department of
3 administration may authorize a whole or partial exemption from payment of
4 the rental fee. ~~Before authorizing a rental fee exemption~~ ON OR BEFORE
5 JUNE 30 OF EACH YEAR, the department of administration shall SUBMIT A
6 report ~~the proposed rental fee exemption~~ to the staff of the joint
7 legislative budget committee THAT DETAILS ALL RENTAL FEE EXEMPTIONS
8 AUTHORIZED IN THE PRIOR YEAR.

9 E. The rental authorized for state agencies occupying state-leased
10 buildings shall be the greater of the amount included in each agency's
11 annual operating budget as reported by the staff of the joint legislative
12 budget committee or the pro rata adjusted amount based on actual
13 occupancy. The rental amount shall include the amount necessary to pay
14 the lease or lease-purchase obligation and may include the amount
15 necessary to pay operating costs associated with the lease-purchase
16 buildings. The rental is payable whether the state department or state
17 agency is funded in whole or in part by state monies. At the start of
18 each fiscal year, the department of administration shall transfer the
19 entire amount of the rental fee assessed on a state agency from the agency
20 account into the department of administration's funds established for the
21 purposes of this subsection. The department shall transfer from the
22 applicable state agency budgets to the lease-purchase building operating
23 and maintenance fund established in subsection I of this section amounts
24 necessary to pay all operating costs associated with a lease-purchase
25 building in the amounts reported by the staff of the joint legislative
26 budget committee. During the remainder of the fiscal year, the department
27 of administration shall calculate pro rata adjustments to the rental fee
28 on a monthly basis to reflect any changes in the occupancy of state-leased
29 buildings. The director of the department of administration may authorize
30 an exemption for a state agency from the full payment account transfer
31 requirements of this subsection for one-year periods or longer periods if
32 the agency can demonstrate a practice of making full payment of rent on a
33 different basis necessitated by its cash flow. If a state agency does not
34 have the financial resources for state-leased space, or does not occupy or
35 vacates state-leased space after the beginning of the fiscal year, the
36 director of the department of administration may authorize a whole or
37 partial exemption from payment of the rental fee. Before authorizing a
38 rental fee exemption, the department of administration shall report the
39 proposed rental fee exemption to the staff of the joint legislative budget
40 committee.

41 F. The department of administration shall charge state agencies for
42 the full costs of labor services it provides to accomplish tenant
43 improvement projects within a building owned by or leased to the state.
44 Charges for this labor shall be deposited in the capital outlay
45 stabilization fund.

1 G. State universities, community colleges and the department of
2 transportation are exempt from the provisions of this section, except when
3 these state agencies are using space under the jurisdiction of the
4 department of administration.

5 H. The department of administration shall not begin to charge
6 rental or tenant improvement labor costs as prescribed in subsection D, E
7 or F of this section until July 1, 2012 for any buildings operated by the
8 secretary of state primarily for the purpose of storing, managing or
9 preserving a large amount of public records or archival material.

10 I. The lease-purchase building operating and maintenance fund is
11 established consisting of monies transferred into it in accordance with
12 subsection E of this section. All monies in the fund are exempt from the
13 provisions of section 35-190 relating to lapsing of appropriations.
14 Monies in the fund are subject to legislative appropriation.

15 J. For the purposes of this section, buildings leased by this state
16 through the sale and lease-back deficit financing mechanism are considered
17 state-owned buildings. State-leased buildings that are subject to
18 subsection E of this section and that meet the requirements of section
19 41-791, subsection B are subject to subsection D of this section in the
20 fiscal year following the retirement of the lease or lease-purchase debt
21 service financing. On or before September 1 of each year, the department
22 of administration shall report to the joint legislative budget committee
23 and the governor's office of strategic planning and budgeting on the cost
24 associated with charging rental rates to state agencies with retired
25 leases or lease purchases for the next fiscal year.

26 K. For the purposes of this section, "state department" or "state
27 agency" means any department or agency of the executive or judicial branch
28 of state government.

29 Sec. 2. Rental rates; state-owned buildings; fiscal year
30 2025-2026

31 Notwithstanding section 41-792.01, subsection D, Arizona Revised
32 Statutes, as amended by this act, the capital outlay stabilization fund
33 rental rates for state-owned buildings in fiscal year 2025-2026 are \$17.87
34 per square foot for office space and \$6.43 per square foot for storage
35 space.

36 Sec. 3. Laws 2025, chapter 35, section 1 is amended to read:

37 Section 1. Transfer; conditions

38 A. The title of state sovereign land described in subsection B of
39 this section is transferred from the state land department to the city of
40 Bullhead City, a municipal corporation in this state, on the effective
41 date of this act.

42 B. The state sovereign lands referred to in subsection A of this
43 section are described as follows:

1 1. A parcel of state sovereign land lying within
2 section 32, township 20 north, range 22 west of the Gila and
3 Salt River meridian, Mohave county, Arizona, being more
4 particularly described as follows:

5 Commencing at the ~~northeast~~ NORTHWEST corner of section
6 2, township 19 north, range 22 west, said corner also being on
7 the south line of said section 32 and the point of beginning;
8 thence south 89 degrees 57 minutes 52 seconds east along the
9 south line of said section 32 a distance of 100.09 feet;
10 thence leaving said south line north 26 degrees 36 minutes 28
11 seconds west a distance of 213.01 feet; thence north 36
12 degrees 39 minutes 20 seconds west along the westerly line of
13 palo verde place tract 4006 A and 4006 C, being recorded
14 subdivisions, a distance of 2878.64 feet to a point on the
15 northerly line of said palo verde place tract 4006 C; thence
16 north 89 degrees 33 minutes 32 seconds west along said
17 northerly line a distance of ~~307.67~~ 307.69 feet to a point on
18 the ordinary high-water line (OHWL) of the Colorado River;
19 thence along said OHWL the following courses: south 39 degrees
20 39 minutes 50 seconds east a distance of 58.95 feet; south 30
21 degrees 48 minutes 14 seconds east a distance of 370.79 feet;
22 south 23 degrees 07 minutes 10 seconds east a distance of
23 76.05 feet; south 28 degrees 54 minutes 17 seconds east a
24 distance of 290.69 feet; south 59 degrees 05 minutes 56
25 seconds east a distance of 68.71 feet; south 26 degrees 55
26 minutes 25 seconds east a distance of 101.01 feet; south 24
27 degrees 55 minutes 28 seconds east a distance of 92.73 feet;
28 south 21 degrees 57 minutes 10 seconds east a distance of
29 99.17 feet; south 19 degrees 43 minutes 06 seconds east a
30 distance of 94.88 feet; south 14 degrees 43 minutes 19 seconds
31 east a distance of 90.91 feet; south 19 degrees 58 minutes 56
32 seconds east a distance of 95.37 feet; south 09 degrees 39
33 minutes 18 seconds east a distance of 106.52 feet; south 12
34 degrees 43 minutes 46 seconds east a distance of 95.40 feet;
35 south 13 degrees 10 minutes 24 seconds east a distance of
36 96.88 feet; south 18 degrees 14 minutes 04 seconds east a
37 distance of 96.82 feet; south 17 degrees 02 minutes 31 seconds
38 east a distance of 95.92 feet; south 11 degrees 18 minutes 07
39 seconds east a distance of 89.88 feet; south 10 degrees 40
40 minutes 56 seconds east a distance of 96.07 feet; south 11
41 degrees 00 minutes 40 seconds east a distance of 93.09 feet;
42 south 12 degrees 47 minutes 08 seconds east a distance of
43 100.82 feet; south 04 degrees 18 minutes 03 seconds east a
44 distance of 101.78 feet; south 08 degrees 21 minutes 59
45 seconds east a distance of 106.77 feet; south 01 degrees 22

1 minutes 04 seconds west a distance of 98.08 feet; south 02
2 degrees 12 minutes 08 seconds west a distance of 91.80 feet to
3 a point on the south line of said section 32; thence along
4 said south line south 89 degrees 59 minutes 00 seconds east a
5 distance of 1142.94 feet to the point of beginning.

6 2. A parcel of state sovereign land lying within
7 section 1, township 20 north, range 22 west of the Gila and
8 Salt River meridian, Mohave county, Arizona, being more
9 particularly described as follows: commencing at the southeast
10 corner of section 1, township 20 north, range 22 west; thence
11 north 50 degrees 58 minutes 32 seconds west a distance of
12 3610.99 feet to a point on the OHWL of the Colorado River and
13 the point of beginning; thence along said OHWL the following
14 courses: north 18 degrees 36 minutes 39 seconds east a
15 distance of 43.86 feet; north 09 degrees 18 minutes 55 seconds
16 west a distance of 42.45 feet; north 73 degrees 10 minutes 05
17 seconds west a distance of 16.87 feet; south 86 degrees 03
18 minutes 07 seconds west a distance of 42.31 feet; south 71
19 degrees 36 minutes 03 seconds west a distance of 36.05 feet;
20 south 48 degrees 08 minutes 11 seconds west a distance of
21 24.45 feet; south 02 degrees 10 minutes 19 seconds west a
22 distance of 33.38 feet; south 12 degrees 17 minutes 36 seconds
23 west a distance of 51.77 feet; south 58 degrees 11 minutes 10
24 seconds east a distance of 18.07 feet; north 86 degrees 05
25 minutes 23 seconds east a distance of 54.29 feet; north 55
26 degrees 23 minutes 20 seconds east a distance of 56.40 feet to
27 the point of beginning.

28 3. A parcel of state sovereign land lying within
29 section 1, township 20 north, range 22 west of the Gila and
30 Salt River meridian, Mohave county, Arizona, being more
31 particularly described as follows: commencing at the southeast
32 corner of section 1, township 20 north, range 22 west; thence
33 north 43 degrees 17 minutes 44 seconds west a distance of
34 3882.13 feet to a point on the OHWL of the Colorado River and
35 the point of beginning; thence along said OHWL the following
36 courses: north 27 degrees 53 minutes 56 seconds east a
37 distance of 44.82 feet; north 16 degrees 47 minutes 20 seconds
38 east a distance of 57.74 feet; north 18 degrees 55 minutes 21
39 seconds east a distance of 55.82 feet; north 28 degrees 45
40 minutes 29 seconds east a distance of 47.86 feet; north 21
41 degrees 54 minutes 57 seconds east a distance of 62.99 feet;
42 north 16 degrees 44 minutes 03 seconds east a distance of
43 66.67 feet; north 14 degrees 56 minutes 38 seconds east a
44 distance of 64.13 feet; north 04 degrees 51 minutes 05 seconds
45 west a distance of 52.70 feet; north 12 degrees 24 minutes 01

1 seconds ~~east~~ WEST a distance of 33.79 feet; south 73 degrees
 2 47 minutes 17 seconds west a distance of 25.54 feet; south 08
 3 degrees 56 minutes 05 seconds west a distance of 37.67 feet;
 4 south 15 degrees 44 minutes 26 seconds west a distance of
 5 37.40 feet; SOUTH 16 DEGREES 10 MINUTES 28 SECONDS WEST A
 6 DISTANCE OF 38.95 FEET; south 02 degrees 17 minutes 23 seconds
 7 east a distance of 32.31 feet; south 17 degrees 58 minutes 22
 8 seconds west a distance of 49.70 feet; south 43 degrees 56
 9 minutes 10 seconds west a distance of 45.77 feet; south 07
 10 degrees 21 minutes 18 seconds east a distance of 25.77 feet;
 11 south 25 degrees 28 minutes 03 seconds east a distance of
 12 20.38 feet; south 52 degrees 52 minutes 38 seconds west a
 13 distance of 38.39 feet; south 12 degrees 56 minutes 59 seconds
 14 west a distance of 49.68 feet; south 24 degrees 32 minutes 08
 15 seconds west a distance of 47.00 feet; south 40 degrees 24
 16 minutes 30 seconds west a distance of 46.08 feet; south 15
 17 degrees 45 minutes 34 seconds west a distance of 12.95 feet;
 18 south 39 degrees 05 minutes 20 seconds east a distance of
 19 34.15 feet; north 84 degrees 13 minutes 23 seconds east a
 20 distance of 32.08 feet to the point of beginning.

21 4. A parcel of state sovereign land lying within
 22 section 1, township 20 north, range 22 west of the Gila and
 23 Salt River meridian, Mohave county, Arizona, being more
 24 particularly described as follows: commencing at the southeast
 25 corner of section 1, township 20 north, range 22 west; thence
 26 north 47 degrees 15 minutes 38 seconds west a distance of
 27 3778.28 feet to a point on the OHWL of the Colorado River and
 28 the point of beginning; thence along said OHWL the following
 29 courses: north 31 degrees 33 minutes 56 seconds east a
 30 distance of 37.74 feet; north 03 degrees 43 minutes 57 seconds
 31 east a distance of 53.18 feet; north 00 degrees 57 minutes 41
 32 seconds east a distance of 59.84 feet; NORTH 01 DEGREES 54
 33 MINUTES 31 SECONDS WEST A DISTANCE OF 41.65 FEET; north 08
 34 degrees 42 minutes 25 seconds ~~east~~ WEST a distance of 37.76
 35 feet; north 50 degrees 51 minutes 43 seconds ~~east~~ WEST a
 36 distance of 22.70 feet; south 17 degrees 21 minutes 04 seconds
 37 west a distance of 35.78 feet; south 03 degrees 45 minutes 37
 38 seconds west a distance of 23.01 feet; south 03 degrees 18
 39 minutes 33 seconds west a distance of 48.68 feet; south 08
 40 degrees 02 minutes 24 seconds west a distance of 54.75 feet;
 41 south 06 degrees 37 minutes 33 seconds east a distance of
 42 47.06 feet; south 04 degrees 09 minutes 29 seconds east a
 43 distance of 29.03 feet; south 80 degrees 07 minutes 44 seconds
 44 east a distance of 15.83 feet to the point of beginning.

1 C. The state land commissioner shall deliver a properly signed and
2 recorded deed or patent to the city of Bullhead City within thirty days
3 after the effective date of this act.

4 D. The transferred land shall be managed by the city of Bullhead
5 City for park and public recreation purposes perpetually and shall not be
6 sold, exchanged or bartered.

APPROVED BY THE GOVERNOR JUNE 27, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 27, 2025.