REFERENCE TITLE: land trust; distributions; common schools

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HCR 2031

Introduced by
Representative Livingston

A CONCURRENT RESOLUTION

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

7. Establishment of permanent funds; segregation, investment and distribution of monies; exception; teacher pay

Section 7. A. A separate permanent fund shall be established for each of the several objects for which the said grants are made and confirmed by the enabling act to the state, and whenever any monies shall be in any manner derived from any of said lands, the same shall be deposited by the state treasurer in the permanent fund corresponding to the grant under which the particular land producing such monies was, by the enabling act, conveyed or confirmed.

B. No monies shall ever be taken from one permanent fund for deposit in any other, or for any object other than that for which the land producing the same was granted or confirmed.

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

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

1. Not more than sixty percent of a fund at cost may be invested in equities at any time.

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

3. Not more than five percent of all of the funds combined at cost may be invested in equity securities issued by the same institution, agency or corporation, other than securities issued as direct obligations of and fully guaranteed by the United States government.

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

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

G. The board of investment shall determine the amount of the annual distributions required by this section and allocate distributions pursuant to law, ~~.~~ EXCEPT THAT the annual distribution from the ~~permanent funds:~~

~~1. For fiscal years 2012-2013 through 2014-2015, shall be two and one-half percent of the average monthly market values of the fund for the immediately preceding five calendar years.~~

~~2. For fiscal years 2015-2016 through 2024-2025, shall be six and nine-tenths percent of the average monthly market values of the fund for the immediately preceding five calendar years, except that in fiscal year 2015-2016, the distribution made from the~~ permanent state school fund shall be ~~$259,266,200.~~

~~3. Beginning with fiscal year 2025-2026, shall be two and one-half~~ FIVE percent of the average monthly market values of the fund for the immediately preceding five calendar years. BEGINNING IN FISCAL YEAR 2025-2026, THE LEGISLATURE SHALL APPROPRIATE THE MONIES DISTRIBUTED PURSUANT TO THIS SUBSECTION TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR DISTRIBUTION TO PUBLIC SCHOOLS PURSUANT TO SUBSECTION J OF THIS SECTION.

~~H. For fiscal years 2015-2016 through 2024-2025, any increase in expendable earnings under section 37-521, subsection B, paragraph 4, Arizona Revised Statutes, that results from a distribution of more than two and one-half percent of the average monthly market values of the fund for the immediately preceding five calendar years pursuant to subsection G, paragraph 2 of this section shall be appropriated for basic state aid, including inflation adjustments required by section 15-901.01, Arizona Revised Statutes.~~

~~I.~~ H. On or before February 1 of each year, if the average monthly market values of the fund for the immediately preceding five calendar years have decreased compared to the average monthly market values of the fund for the five-calendar-year period that immediately precedes the preceding five calendar years, the director of the office of strategic planning and budgeting, or its successor agency, and the director of the joint legislative budget committee, or its successor agency, shall jointly notify the governor, the president of the senate and the speaker of the house of representatives that a reduction to the distribution prescribed in subsection G~~, paragraph 2~~ of this section is necessary to preserve the safety of the capital in the fund. On receipt of that notification, the legislature may enact legislation, with the approval of the governor, that reduces the distribution in subsection G~~, paragraph 2~~ of this section for the next fiscal year to at least two and one-half percent but less than ~~six and nine-tenths~~ FIVE percent of the average monthly market values of the fund for the immediately preceding five calendar years.

~~J.~~ I. Any amount reduced pursuant to subsection ~~I~~ H of this section is not required to be paid or distributed:

1. From any other source of public monies.

2. In any subsequent fiscal year.

~~K. If the legislature enacts legislation, with the approval of the governor, that reduces the distribution pursuant to subsection I of this section:~~

~~1. The legislature may reduce the base level for the next fiscal year by an amount commensurate with the reduction in the distribution from the permanent state school fund for the next fiscal year.~~

~~2. The amounts from the base level reduction are not required to be paid or distributed in any subsequent fiscal year.~~

~~3. The base level reduction is not part of the calculation of the base level for subsequent fiscal years.~~

J. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ANNUALLY ALLOCATE THE MONIES APPROPRIATED PURSUANT TO SUBSECTION G OF THIS SECTION TO PUBLIC SCHOOLS BASED ON THE WEIGHTED STUDENT COUNT OF EACH PUBLIC SCHOOL TO SUPPORT THE COSTS OF INCREASING THE WAGES OF TEACHERS, SUBJECT TO THE FOLLOWING REQUIREMENTS:

1. EACH PUBLIC SCHOOL THAT RECEIVES MONIES PURSUANT TO THIS SUBSECTION SHALL:

(a) USE THE MONIES ONLY FOR COSTS INCURRED TO INCREASE THE WAGES OF ALL ELIGIBLE TEACHERS WHO ARE EMPLOYED BY THE PUBLIC SCHOOL, INCLUDING EMPLOYMENT THROUGH A THIRD-PARTY CONTRACTOR.

(b) ENSURE THAT THE INCREASE PURSUANT TO SUBDIVISION (a) OF THIS PARAGRAPH IS THE SAME PERCENTAGE FOR ALL ELIGIBLE TEACHERS WHO ARE EMPLOYED BY THE PUBLIC SCHOOL. FOR THE PURPOSES OF THIS SUBDIVISION, THE PERCENTAGE IS CALCULATED BY DIVIDING THE AMOUNT THAT THE PUBLIC SCHOOL ALLOCATES TO EACH ELIGIBLE TEACHER BY THE TEACHER'S BASE SALARY IN THE 2024-2025 FISCAL YEAR.

(c) POST THE PERCENTAGE OF THE INCREASE THAT IS CALCULATED AND DISTRIBUTED PURSUANT TO SUBDIVISION (b) OF THIS PARAGRAPH ON THE WEBSITE OF EACH PUBLIC SCHOOL AND OF EACH INDIVIDUAL SCHOOL THAT IS OPERATED BY THE PUBLIC SCHOOL, IF APPLICABLE.

(d) USE THE MONIES TO SUPPLEMENT AND NOT SUPPLANT EXISTING FEDERAL, STATE AND LOCAL FUNDING FOR TEACHER COMPENSATION.

2. A TEACHER IS ELIGIBLE TO RECEIVE THE INCREASE REQUIRED PURSUANT TO THIS SUBSECTION IF THE TEACHER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(a) IS EMPLOYED FULL TIME AS A CLASSROOM TEACHER.

(b) MEETS OR EXCEEDS TEACHER PERFORMANCE STANDARDS FOR CLASSROOM TEACHERS DETERMINED BY THIS STATE.

(c) SPENDS MORE THAN SEVENTY-FIVE PERCENT OF THE TEACHER'S TIME AT WORK ON NONADMINISTRATIVE ACTIVITIES AND CLASSROOM INSTRUCTION, INCLUDING CLASSROOM INSTRUCTION THAT IS PROVIDED IN A VIRTUAL CLASSROOM.

(d) IS EMPLOYED BY A PUBLIC SCHOOL IN THIS STATE THAT IS IN COMPLIANCE WITH ALL REPORTING AND AUDITING REQUIREMENTS ESTABLISHED BY THE LEGISLATURE.

3. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ENSURE THAT PUBLIC SCHOOLS COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION.

~~L.~~ K. This section preserves the authority vested in the legislature pursuant to this constitution.

~~M. This section and article XI, section 11 of this Constitution and the terms and appropriations of house bill 2001, fifty second legislature, first special session, fully satisfy the requirements of section 15-901.01, Arizona Revised Statutes.~~

Sec. 2. Legislative intent

The legislature intends that the legislature will annually appropriate $72,000,000 from the state general fund for basic state aid, including inflation adjustments, in lieu of the appropriations for basic state aid that were required pursuant to article X, section 7, subsection H, Constitution of Arizona, as amended by this act, and that are repealed by this act.

3. The Secretary of State shall submit this proposition to the voters at a special election to be held for that purpose on ______, 2025, as provided by article XXI, Constitution of Arizona.