

REFERENCE TITLE: permanent funds; land trust; distributions.

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HCR 2028

Introduced by
Representatives Gutierrez: Abeytia, Austin, Blattman, Connolly, Contreras
L, Contreras P, Crews, De Los Santos, Garcia, Hernandez A, Hernandez C,
Liguori, Luna-Nájera, Mathis, Peshlakai, Simacek, Stahl Hamilton, Travers,
Villegas, Volk

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)

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

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

6 7. Establishment of permanent funds; segregation,
7 investment and distribution of monies;
8 exception; resolution of litigation

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

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

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

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

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

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

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

42 E. In making investments under this section the state
43 treasurer and trustees shall exercise the judgment and care
44 under the prevailing circumstances that an institutional
45 investor of ordinary prudence, discretion and intelligence
46 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. 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.~~ 1. For fiscal years ~~2015-2016~~ 2026-2027 through ~~2024-2025~~ 2035-2036, 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.~~ 2. Beginning with fiscal year ~~2025-2026~~ 2035-2036, shall be two and one-half percent of the average monthly market values of the fund for the immediately preceding five calendar years.

H. For fiscal years ~~2015-2016~~ 2026-2027 through ~~2024-2025~~ 2035-2036, 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~~ 1 of this section shall be appropriated for basic state aid, including inflation adjustments required by section 15-901.01, Arizona Revised Statutes.

I. 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

1 prescribed in subsection G, paragraph ~~2~~ 1 of this section is
2 necessary to preserve the safety of the capital in the fund.
3 On receipt of that notification, the legislature may enact
4 legislation, with the approval of the governor, that reduces
5 the distribution in subsection G, paragraph ~~2~~ 1 of this
6 section for the next fiscal year to at least two and one-half
7 percent but less than six and nine-tenths percent of the
8 average monthly market values of the fund for the immediately
9 preceding five calendar years.

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

12 1. From any other source of public monies.

13 2. In any subsequent fiscal year.

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

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

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

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

26 L. This section preserves the authority vested in the
27 legislature pursuant to this constitution.

28 M. This section and article XI, section 11 of this
29 Constitution and the terms and appropriations of house bill
30 2001, fifty second legislature, first special session, fully
31 satisfy the requirements of section 15-901.01, Arizona Revised
32 Statutes.

33 2. Intent

34 The legislature and the voters intend that all monies appropriated
35 pursuant to article X, section 7, Constitution of Arizona, as amended by
36 this act, both:

37 1. Supplement and not supplant existing funding for basic state
38 aid.

39 2. Be used to increase the base level or other components of the
40 revenue control limit above the base level or revenue control limit for
41 fiscal year 2026-2027.

42 3. The Secretary of State shall submit this proposition to the
43 voters at the next general election as provided by article XXI,
44 Constitution of Arizona.