

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.C.R. 1012
(Reference to Senate engrossed resolution)

1 Strike everything after the resolving clause and insert:

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

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

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

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

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

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

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

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

36 3. Not more than five percent of all of the funds
37 combined at cost may be invested in equity securities issued
38 by the same institution, agency or corporation, other than

1 securities issued as direct obligations of and fully
2 guaranteed by the United States government.

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

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

15 G. The board of investment shall determine the amount
16 of the annual distributions required by this section and
17 allocate distributions pursuant to law. The annual
18 distribution from the permanent funds:—

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

23 ~~2. For fiscal years 2015-2016 through 2024-2025, shall~~
24 ~~be six and nine-tenths percent of the average monthly market~~
25 ~~values of the fund for the immediately preceding five calendar~~
26 ~~years, except that in fiscal year 2015-2016, the distribution~~
27 ~~made from the permanent state school fund shall be~~
28 ~~\$259,266,200.~~

29 ~~3. Beginning with fiscal year 2025-2026, shall be two~~
30 ~~and one-half percent of the average monthly market values of~~
31 ~~the fund for the immediately preceding five calendar years.~~

32 H. ~~For fiscal years 2015-2016 through 2024-2025,~~ Any
33 increase in expendable earnings under section 37-521,
34 subsection B, paragraph 4, Arizona Revised Statutes, that
35 results from a distribution of more than two and one-half
36 percent of the average monthly market values of the fund for
37 the immediately preceding five calendar years pursuant to
38 subsection G, ~~paragraph 2~~ of this section shall be
39 appropriated AS FOLLOWS:

40 1. THE FOLLOWING AMOUNTS TO PAY THE PRINCIPAL OF AND
41 THE INTEREST AND REDEMPTION CHARGES ON BONDED INDEBTEDNESS OR
42 OTHER LAWFUL LONG-TERM OBLIGATIONS ISSUED OR INCURRED FOR THE
43 PURPOSE OF MAINTAINING THE ADEQUACY OF SCHOOL FACILITIES:

- 44 (a) IN FISCAL YEAR 2026-2027, \$36,800,000.
- 45 (b) IN FISCAL YEAR 2027-2028, \$73,600,000.
- 46 (c) IN EACH OF FISCAL YEARS 2028-2029 THROUGH
47 2045-2046, \$110,400,000.

48 2. NOTWITHSTANDING SUBSECTIONS A AND B OF THIS SECTION,
49 THE FOLLOWING AMOUNTS TO THE STATE LAND DEPARTMENT, OR ITS

1 SUCCESSOR, FOR COSTS TO ADMINISTER THE TRUSTS PURSUANT TO THIS
2 ARTICLE:

3 (a) IN FISCAL YEAR 2026-2027, \$6,000,000.

4 (b) BEGINNING IN FISCAL YEAR 2027-2028, \$12,000,000.

5 3. ANY MONIES REMAINING AFTER THE APPROPRIATIONS
6 REQUIRED BY PARAGRAPHS 1 AND 2 OF THIS SUBSECTION for basic
7 state aid, including inflation adjustments required by section
8 15-901.01, Arizona Revised Statutes.

9 I. On or before February 1 of each year, if the average
10 monthly market values of the fund for the immediately
11 preceding five calendar years have decreased compared to the
12 average monthly market values of the fund for the
13 five-calendar-year period that immediately precedes the
14 preceding five calendar years, the director of the office of
15 strategic planning and budgeting, or its successor agency, and
16 the director of the joint legislative budget committee, or its
17 successor agency, shall jointly notify the governor, the
18 president of the senate and the speaker of the house of
19 representatives that a reduction to the distribution
20 prescribed in subsection G, ~~paragraph 2~~ of this section is
21 necessary to preserve the safety of the capital in the fund.
22 On receipt of that notification, the legislature may enact
23 legislation, with APPROVAL BY TWO-THIRDS OF THE MEMBERS OF
24 EACH HOUSE OF THE LEGISLATURE AND the approval of the
25 governor, that reduces the distribution in subsection G,
26 ~~paragraph 2~~ of this section for the next fiscal year to at
27 least two and one-half percent but less than six and
28 nine-tenths percent of the average monthly market values of
29 the fund for the immediately preceding five calendar years.

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

- 32 1. From any other source of public monies.
- 33 2. In any subsequent fiscal year.

34 K. If the legislature enacts legislation, with APPROVAL
35 BY TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE
36 AND the approval of the governor, that reduces the
37 distribution pursuant to subsection I of this section:

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

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

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

47 L. This section preserves the authority vested in the
48 legislature pursuant to this constitution.

House Amendments to S.C.R. 1012

1 M. This section and article XI, section 11 of this
2 Constitution and the terms and appropriations of house bill
3 2001, fifty second legislature, first special session, fully
4 satisfy the requirements of section 15-901.01, Arizona Revised
5 Statutes.
6 2. The Secretary of State shall submit this proposition to the
7 voters at the next general election as provided by article XXI,
8 Constitution of Arizona."
9 Amend title to conform

NANCY GUTIERREZ

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