

Senate Engrossed House Bill

~~state land use; highest; best~~
(now: state lands; commercial leases; auction)

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

HOUSE BILL 2755

AN ACT

AMENDING SECTION 37-102, ARIZONA REVISED STATUTES; AMENDING TITLE 37,
CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION
37-281.05; 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 37-102, Arizona Revised Statutes, is amended to
3 read:

4 37-102. State land department; powers and duties

5 A. The state land department shall administer all laws relating to
6 lands owned by, belonging to and under the control of this state.

7 B. The department shall have charge and control of all lands owned
8 by this state, and timber, stone, gravel and other products of such lands,
9 except lands under the specific use and control of state institutions and
10 the products of such lands.

11 C. The department, in the name of this state, may commence,
12 prosecute and defend all actions and proceedings to protect the interest
13 of this state in lands within this state or the proceeds of lands within
14 this state. Actions shall be commenced and prosecuted at the request of
15 the department by the attorney general, a county attorney or a special
16 counsel under the direction of the attorney general.

17 D. The department shall be the official representative of this
18 state in any communication between this state and the United States
19 government in all matters respecting state lands or any interest of this
20 state in or to the public lands within this state.

21 E. The summons in any action against this state respecting any
22 lands of this state or the products of such lands and all notices
23 concerning such lands or products shall be served on the commissioner.
24 Summonses, warrants or legal notices served on behalf of the department
25 may be served by the commissioner or the commissioner's deputy, or by the
26 sheriff or a constable of any county of this state.

27 F. The department shall maintain as a public record in each of the
28 department's offices a public docket and index of all matters before the
29 department that may be subject to appeal to the board of appeals or to the
30 courts and all sale, exchange and lease transactions subject to bidding by
31 the public. The department shall list a matter on the public docket
32 immediately after an application or other request for department action is
33 received by the department. The department shall include in the public
34 docket every formal action and decision affecting each matter in
35 question. The department shall establish by rule a means by which any
36 person may obtain a copy of the public docket at the current copying cost.

37 G. The department shall reappraise or update the department's
38 original appraisal of property to be leased, exchanged or sold if the
39 board of appeals' approval of the lease or sale occurred more than two
40 hundred forty days before the auction.

41 H. To the extent possible, the state land department shall:

42 1. Prepare maps of the ancillary military facilities described in
43 section 28-8461, paragraph 7, subdivisions (b) and (c).

44 2. Make a map of the ancillary military facility described in
45 section 28-8461, paragraph 7, subdivision (a) available to the public in

1 printed or electronic format and provide the map in printed or electronic
2 format to the state real estate department.

3 3. On receipt of proper information from the military installation
4 commander with responsibility for the military electronics range, prepare
5 a map of the military electronics range as defined in section 9-500.28 and
6 make that map available to the public in printed or electronic format and
7 provide the map in printed or electronic format to the state real estate
8 department. Within ninety days after receipt of notice of any change in
9 the boundaries of the military electronics range from the military
10 installation commander, the state land department shall revise its map and
11 provide the map to the public and to the state real estate department.

12 4. On or before December 31, 2024 and on receipt of proper
13 information from the applicable military installation's and range's and
14 Arizona national guard site's commanders, prepare electronic legal
15 descriptions and maps of the military installation and range and Arizona
16 national guard site and their respective influence areas as defined in
17 sections 9-500.50 and 11-818.01 and provide the legal descriptions and
18 maps to the state real estate department and the public. The state land
19 department shall make changes to the boundaries of the military
20 installation and range and national guard site and their respective
21 influence areas and provide them to the state real estate department and
22 the public within ninety days after receipt of those changes from the
23 military installation's and range's and Arizona national guard site's
24 commanders.

25 5. PROVIDE AMPLE NOTICE TO A LESSEE OF AN UNDERPERFORMING
26 COMMERCIAL LEASE BEFORE THE TERMINATION OF THE UNDERPERFORMING COMMERCIAL
27 LEASE.

28 I. The state land department shall provide each map and the legal
29 description of the boundaries of each ancillary military facility
30 described in section 28-8461, paragraph 7 in electronic format to the
31 state real estate department. Each map prepared by the state land
32 department pursuant to this section shall:

33 1. Describe the ancillary military facility, the territory in the
34 vicinity of the ancillary military facility and the high noise and
35 accident potential zone, accident potential zone one and accident
36 potential zone two associated with the ancillary military facility.

37 2. Be submitted to the county in which the ancillary military
38 facility is located.

39 3. Be made available to the public.

40 J. The state land department shall prepare a military training
41 route map. The map shall contain military training route numbers in this
42 state that are used by various United States armed forces. The map shall
43 be dated.

1 K. When preparing the military training route map, the state land
2 department shall use information contained in the most current department
3 of defense publication that is entitled "area planning military training
4 routes for North and South America".

5 L. The military training route map shall be made available to the
6 public.

7 M. Within ninety days after the department is notified of a change
8 of a military training route in this state, the department shall prepare a
9 revised military training route map. The map shall be dated and contain a
10 statement that the map supersedes all previously dated maps. The state
11 land department shall send the revised map to the state real estate
12 department electronically and shall also send an accompanying letter
13 specifying the military training route changes. The state land department
14 shall send the revised map and an accompanying letter specifying the
15 military training route changes to the municipalities affected by the
16 changes and to all counties.

17 N. The department shall submit the military training route map
18 prepared pursuant to this section to the counties in either an electronic
19 or a printed format. The format shall be determined by the receiving
20 county.

21 O. The state land department shall provide the legal description of
22 the boundaries of the military training routes as delineated in the
23 military training route map to the state real estate department in
24 electronic format.

25 P. The state land department shall prepare a military restricted
26 airspace map. The map shall contain military restricted airspace in this
27 state that is used by various United States armed forces. The map shall be
28 dated.

29 Q. When preparing the military restricted airspace map, the state
30 land department shall use information contained in the most current
31 department of transportation publication that is entitled "aeronautical
32 chart".

33 R. The military restricted airspace map shall be made available in
34 printed or electronic format to the public at the state land department
35 and at the state real estate department.

36 S. Within ninety days after the department is notified of a change
37 of military restricted airspace in this state, the department shall
38 prepare a revised military restricted airspace map. The map shall be
39 dated and contain a statement that the map supersedes all previously dated
40 maps. The state land department shall send the revised map to the state
41 real estate department electronically and shall also send an accompanying
42 letter specifying the military restricted airspace changes. The state
43 land department shall send the revised map and an accompanying letter
44 specifying the military restricted airspace changes to the municipalities
45 affected by the changes and to all counties.

1 T. The department shall submit the military restricted airspace map
2 prepared pursuant to this section to the counties in either an electronic
3 or a printed format. The format shall be determined by the receiving
4 county.

5 U. The state land department shall provide the legal description of
6 the boundaries of the military restricted airspace as delineated in the
7 military restricted airspace map to the state real estate department in
8 electronic format.

9 V. The department may accept title to and manage real estate,
10 property rights and related infrastructure acquired pursuant to section
11 26-262, subsection K for preserving or enhancing military installations in
12 this state.

13 Sec. 2. Title 37, chapter 2, article 4, Arizona Revised Statutes,
14 is amended by adding section 37-281.05, to read:

15 37-281.05. Lease of state lands for commercial purposes;
16 underperforming commercial leases; option to
17 purchase; auction; definitions

18 A. NOTWITHSTANDING ANY OTHER LAW, THE COMMISSIONER SHALL PRIORITIZE
19 THE SALE OF STATE LANDS THAT ARE SUBJECT TO AN UNDERPERFORMING COMMERCIAL
20 LEASE IF THE LESSEE PROVIDES NOTICE TO THE DEPARTMENT THAT THE LESSEE IS
21 WILLING AND PREPARED TO PURCHASE THE PARCEL IN FEE SIMPLE CONSISTENT WITH
22 THIS SECTION.

23 B. A PERSON WHO HOLDS AN UNDERPERFORMING COMMERCIAL LEASE OR WHO
24 HELD AN UNDERPERFORMING COMMERCIAL LEASE THAT EXPIRED LESS THAN ONE YEAR
25 BEFORE THE DATE OF APPLICATION MAY APPLY TO PURCHASE THE UNDERPERFORMING
26 COMMERCIAL STATE LANDS. WITHIN EIGHTEEN MONTHS AFTER RECEIVING AN
27 APPLICATION SUBMITTED PURSUANT TO THIS SUBSECTION, THE COMMISSIONER SHALL
28 APPRAISE, ADVERTISE AND CAUSE THE UNDERPERFORMING COMMERCIAL STATE LANDS
29 TO BE SOLD AT PUBLIC AUCTION TO THE HIGHEST AND BEST BIDDER.

30 C. A PERSON WHO MEETS THE REQUIREMENTS OF THIS SECTION AND WISHES
31 TO PURCHASE THE UNDERPERFORMING COMMERCIAL STATE LANDS MAY DO EITHER OF
32 THE FOLLOWING:

33 1. SUBMIT A SINGLE APPLICATION FOR MULTIPLE ELIGIBLE PARCELS THAT
34 THE APPLICANT LEASES.

35 2. SUBMIT A SEPARATE APPLICATION FOR EACH ELIGIBLE PARCEL THAT THE
36 APPLICANT LEASES.

37 D. EACH PUBLIC AUCTION THAT THE COMMISSIONER HOLDS PURSUANT TO THIS
38 SECTION SHALL BE OPEN TO ALL ELIGIBLE BIDDERS FROM ALL COMMERCIAL LAND
39 USES. THE COMMISSIONER MAY NOT TAKE ANY ACTION DURING THE PUBLIC AUCTION
40 OR BEFORE THE PUBLIC AUCTION THAT INCREASES THE PROBABILITY OF A BIDDER
41 FROM ONE ELIGIBLE LAND USE WINNING THE PUBLIC AUCTION INSTEAD OF A BIDDER
42 FROM ANOTHER ELIGIBLE LAND USE.

43 E. IF AN APPLICANT'S UNDERPERFORMING COMMERCIAL LEASE EXPIRES OR IF
44 AN APPLICANT APPLIES TO RENEW THE UNDERPERFORMING COMMERCIAL LEASE DURING
45 THE EIGHTEEN-MONTH TIME FRAME ESTABLISHED PURSUANT TO THIS SECTION AND THE

1 APPLICANT DOES NOT WITHDRAW THE APPLICATION TO PURCHASE, THE COMMISSIONER
2 SHALL PROCEED WITH THE AUCTION.

3 F. A PERSON MAY NOT TRIGGER A PUBLIC AUCTION PURSUANT TO THIS
4 SECTION ON UNDERPERFORMING COMMERCIAL STATE LANDS IF THE PERSON DOES NOT
5 HOLD OR HAS NOT HELD AN UNDERPERFORMING COMMERCIAL LEASE OF THE STATE
6 LANDS SUBJECT TO APPLICATION IN THE PREVIOUS EIGHTEEN MONTHS BEFORE
7 APPLICATION.

8 G. FOR THE PURPOSES OF THIS SECTION:

9 1. "UNDERPERFORMING COMMERCIAL LEASE" MEANS A VALID LEASE OR A
10 VALID HOLDOVER LEASE OF UNDERPERFORMING COMMERCIAL STATE LANDS.

11 2. "UNDERPERFORMING COMMERCIAL STATE LANDS" MEANS A PARCEL OF STATE
12 LANDS THAT IS LEASED FOR COMMERCIAL PURPOSES AND THAT MEETS AT LEAST ONE
13 OF THE FOLLOWING CONDITIONS:

14 (a) THE SIZE OF THE PARCEL PREVENTS ITS INDEPENDENT DEVELOPMENT.

15 (b) THE PARCEL IS LANDLOCKED.

16 (c) THE PARCEL LACKS ON-SITE INFRASTRUCTURE OR SERVICES NECESSARY
17 TO INDEPENDENTLY SUSTAIN THE PARCEL'S DEVELOPMENT.

18 (d) THE ANNUAL BASE RENT ON THE PARCEL IS BELOW AN ACCEPTABLE
19 PERCENTAGE OF THE APPRAISED FAIR MARKET VALUE OF THE PARCEL AS DETERMINED
20 BY THE COMMISSIONER.

21 (e) THE RATE OF APPRECIATION IN LAND VALUE ON THE PARCEL IS FASTER
22 THAN THE RATE OF INCREASE IN ANNUAL BASE RENT ON THE PARCEL.

23 (f) THE APPRAISED FAIR MARKET VALUE OF THE APPROVED REIMBURSABLE
24 IMPROVEMENTS ON THE PARCEL EXCEEDS THE APPRAISED FAIR MARKET VALUE OF THE
25 PARCEL SUCH THAT THE VALUE OF THE IMPROVEMENTS WILL REDUCE THE SALE VALUE
26 TO THE TRUST BY A PERCENTAGE DEEMED UNACCEPTABLE TO THE COMMISSIONER.

27 Sec. 3. Legislative findings

28 The legislature, as the trustee of the Arizona state land trust,
29 finds that:

30 1. Over an extended period the state land department has created a
31 significant number of underperforming commercial leases of state lands.

32 2. Underperforming commercial leases burden the state land
33 department with excessive costs and management responsibilities and
34 generate insufficient returns to the state land trust.

35 3. Continually renewing underperforming commercial leases merely
36 perpetuates the management costs and burdens and is not in the best
37 interest of this state or in the best interest of the state land trust.

38 4. The highest and best use of state trust lands that are subject
39 to underperforming commercial leases is to allow the state trust lands to
40 be sold at public auction to the highest and best bidder.

41 5. This act is necessary to ensure the best interest of the state
42 land trust, state land trust beneficiaries and this state.