

Senate Engrossed

~~foreign entities; land; legislative approval~~  
(now: foreign entities; land; review commission)

State of Arizona  
Senate  
Fifty-seventh Legislature  
Second Regular Session  
2026

# SENATE BILL 1075

AN ACT

AMENDING TITLE 33, CHAPTER 4, ARTICLE 4, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 33-459; AMENDING SECTIONS 37-231 AND 37-240, ARIZONA  
REVISED STATUTES; RELATING TO LAND SALES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 33, chapter 4, article 4, Arizona Revised  
3 Statutes, is amended by adding section 33-459, to read:

4 33-459. Conveyance to foreign entity; prohibition;  
5 identification; foreign entity review commission;  
6 civil penalty; violation; classification;  
7 definitions

8 A. BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, LAND IN THIS  
9 STATE MAY NOT BE CONVEYED TO A HOSTILE FOREIGN ENTITY WITHOUT APPROVAL OF  
10 THE FOREIGN ENTITY REVIEW COMMISSION ESTABLISHED PURSUANT TO THIS SECTION.

11 B. A GRANTOR IN THIS STATE AND THE GRANTOR'S AGENT, INCLUDING A  
12 REAL ESTATE PROFESSIONAL LICENSED PURSUANT TO TITLE 32, CHAPTER 20, SHALL  
13 SUBMIT TO THE STATE REAL ESTATE DEPARTMENT A VALID IDENTIFICATION OF ANY  
14 GRANTEE. IF THE GRANTEE IS NOT A NATURAL PERSON, THE GRANTOR AND THE  
15 GRANTOR'S AGENT SHALL SUBMIT A VALID IDENTIFICATION OF THE GRANTEE'S AGENT  
16 AND THE NAME AND PRINCIPAL PLACE OF BUSINESS OF THE GRANTEE. THE GRANTOR,  
17 THE GRANTOR'S AGENT AND THE STATE REAL ESTATE DEPARTMENT SHALL MAINTAIN A  
18 COPY OF THE IDENTIFICATION PROVIDED BY THE GRANTEE OR, IF THE GRANTEE IS  
19 NOT A NATURAL PERSON, THE IDENTIFICATION OF THE GRANTEE'S AGENT AND THE  
20 GRANTEE'S NAME AND PRINCIPAL PLACE OF BUSINESS.

21 C. IDENTIFICATION IS DEEMED VALID UNLESS IT CAN BE DETERMINED ON  
22 ITS FACE THAT THE IDENTIFICATION HAS EXPIRED.

23 D. THE FOREIGN ENTITY REVIEW COMMISSION IS ESTABLISHED IN THE STATE  
24 REAL ESTATE DEPARTMENT CONSISTING OF THE FOLLOWING PERSONS:

- 25 1. THE COMMISSIONER OF THE STATE REAL ESTATE DEPARTMENT.
- 26 2. TWO PERSONS WHO ARE APPOINTED BY THE GOVERNOR.
- 27 3. ONE PERSON WHO IS APPOINTED BY THE PRESIDENT OF THE SENATE.
- 28 4. ONE PERSON WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF  
29 REPRESENTATIVES.

30 E. EACH MEMBER OF THE FOREIGN ENTITY REVIEW COMMISSION EXCEPT THE  
31 COMMISSIONER OF THE STATE REAL ESTATE DEPARTMENT SHALL SERVE A FOUR-YEAR  
32 TERM. AT THE FIRST MEETING OF THE COMMISSION, THE MEMBERS SHALL ELECT A  
33 CHAIRPERSON FROM AMONG THEIR MEMBERSHIP. THE COMMISSION SHALL MEET AT THE  
34 CALL OF THE CHAIRPERSON TO CONSIDER ANY PROPOSED PURCHASES, LEASES OR  
35 SUBLEASES OF LAND IN THIS STATE BY A POSSIBLE HOSTILE FOREIGN ENTITY AS  
36 PROHIBITED BY THIS SECTION OR AS PROHIBITED BY SECTION 37-240. ON REVIEW  
37 OF THE PROPOSED TRANSACTION, THE COMMISSION MAY VOTE TO APPROVE OR REJECT  
38 THE TRANSACTION, AND IF REJECTED, THE PROPOSED TRANSACTION IS VOID.

39 F. A PERSON OR ENTITY THAT VIOLATES THIS SECTION IS SUBJECT TO A  
40 CIVIL PENALTY. THE ATTORNEY GENERAL MAY BRING AN ACTION AGAINST A PERSON  
41 OR ENTITY THAT VIOLATES THIS SECTION. THE CIVIL PENALTY SHALL BE THE  
42 GREATER OF THE FOLLOWING:

- 43 1. \$250,000.
- 44 2. FIFTY PERCENT OF THE FAIR MARKET VALUE OF THE INTEREST IN REAL  
45 PROPERTY THAT IS THE SUBJECT OF THE VIOLATION.

1 G. A PERSON WHO KNOWINGLY VIOLATES THIS SECTION IS GUILTY OF A  
2 CLASS 1 MISDEMEANOR, EXCEPT AS FOLLOWS:

3 1. IF ANY PORTION OF THE LAND IS LOCATED WITHIN TWENTY-FIVE MILES  
4 OF A MILITARY INSTALLATION OR CRITICAL INFRASTRUCTURE, THE PERSON IS  
5 GUILTY OF A CLASS 6 FELONY.

6 2. IF THE PERSON KNOWINGLY ACTED AS AN AGENT OF A FOREIGN  
7 GOVERNMENT OR RECEIVED COMPENSATION OR DIRECTION FROM A FOREIGN  
8 GOVERNMENT, THE PERSON IS GUILTY OF A CLASS 6 FELONY.

9 H. FOR THE PURPOSES OF THIS SECTION:

10 1. "FOREIGN ENTITY" MEANS A FOREIGN GOVERNMENT, A STATE-CONTROLLED  
11 ENTERPRISE OF A FOREIGN GOVERNMENT OR AN ENTITY ACTING AS AN AGENT FOR A  
12 FOREIGN GOVERNMENT OR STATE-CONTROLLED ENTERPRISE OF A FOREIGN GOVERNMENT.

13 2. "HOSTILE" MEANS A FOREIGN ENTITY THAT IS LISTED AS A THREAT OR A  
14 COUNTRY OF CONCERN BY THE DIRECTOR OF NATIONAL INTELLIGENCE OR THE UNITED  
15 STATES DEPARTMENT OF STATE.

16 3. "VALID IDENTIFICATION" INCLUDES:

17 (a) ANY DOCUMENT THAT BEARS THE PHOTOGRAPH, NAME AND ADDRESS OF THE  
18 GRANTEE OR, IF THE GRANTEE IS NOT A NATURAL PERSON, THE GRANTEE'S AGENT.

19 (b) AN ARIZONA DRIVER LICENSE, AN ARIZONA NONOPERATING  
20 IDENTIFICATION LICENSE, A TRIBAL ENROLLMENT CARD OR ANOTHER FORM OF TRIBAL  
21 IDENTIFICATION OR A UNITED STATES, STATE OR LOCAL GOVERNMENT-ISSUED  
22 IDENTIFICATION.

23 Sec. 2. Section 37-231, Arizona Revised Statutes, is amended to  
24 read:

25 37-231. State lands subject to sale; rights reserved in lands  
26 sold; state lands not subject to sale; development  
27 agreements

28 A. All state lands, except as otherwise provided for in this title,  
29 including all improvements made or placed on or connected with state  
30 lands, shall be subject to appraisal and sale as provided in this title.

31 B. Any person over eighteen years of age is entitled to purchase  
32 any of the state lands EXCEPT AS PROVIDED IN SECTION 37-240.

33 C. All sales, grants, deeds or patents to any state lands sold  
34 between July 9, 1954 and March 18, 1968 shall be subject to and shall  
35 contain a reservation to ~~the~~ THIS state of an undivided one-sixteenth of  
36 all oil, gases and other hydrocarbon substances, coal or stone, metals,  
37 minerals, fossils and fertilizer of every name and description, together  
38 with all uranium, all thorium, or any other material ~~which~~ THAT is or may  
39 be determined by the laws of ~~the~~ THIS state or the United States or  
40 decisions of courts to be peculiarly essential to the production of  
41 fissionable materials, whether or not of commercial value, subject to the  
42 following:

43 1. ~~For the purpose of promoting~~ TO PROMOTE the sale of state lands  
44 and the more active cooperation of the owner of the soil, and to  
45 facilitate the development of its mineral resources, ~~the~~ THIS state

1 constitutes the purchaser of the land its agent for the purposes specified  
2 in this section, and in consideration hereof, relinquishes to and vests in  
3 the purchaser of the state land an undivided fifteen-sixteenths of all  
4 oil, gas and the value thereof which may be ~~upon~~ ON or within any state  
5 land purchased after July 9, 1954 and before March 18, 1968.

6 2. The purchaser of the soil may sell or lease to any person, firm  
7 or corporation the oil and gas and other minerals ~~which~~ THAT may be on or  
8 in the land, ~~upon~~ ON terms and conditions THAT the purchaser and the owner  
9 deem best, subject to the provisions and reservations of this section, but  
10 the lessee or purchaser shall pay to ~~the~~ THIS state an undivided  
11 one-sixteenth of the mineral produced or the value of the mineral produced  
12 at the well or mine as determined by the ~~state-land~~ department.

13 3. ~~upon~~ ON discovery of oil and gas in paying quantities on land  
14 adjoining state lands purchased under the authority of this section, the  
15 purchaser or the purchaser's lessee shall drill and produce all wells  
16 necessary to protect the land so purchased from drainage by wells on lands  
17 in which ~~the~~ THIS state has no royalty interest, ~~or~~ has a lesser royalty  
18 interest. If the purchaser or the purchaser's lessee fails to protect  
19 against such drainage, ~~the~~ THIS state, acting through the ~~state-land~~  
20 department, ~~may~~, three months after demand therefor in writing by the  
21 ~~state-land~~ department to such purchaser and the purchaser's lessee, MAY  
22 enter ~~upon~~ ON such lands and drill all wells necessary to protect ~~the~~ THIS  
23 state against such drainage.

24 4. The interest reserved by ~~the~~ THIS state in any state lands sold  
25 may be committed to a drilling unit or cooperative or unit plans of  
26 development and operation of oil and gas pools with the United States, its  
27 agencies and its and their lessees and permittees, and with private owners  
28 and persons holding oil and gas leases on private lands or on state lands.  
29 The ~~state-land~~ department ~~may~~, insofar as the interest of ~~the~~ THIS state  
30 may be affected thereby, MAY join in and consent to any such plan on  
31 behalf of ~~the~~ THIS state. Such agreements shall provide for the equitable  
32 division on an agreed basis of the oil and gas produced from the unit, but  
33 ~~no~~ such agreement shall NOT relieve any operator from the obligation to  
34 develop reasonably the lands and leases as a whole committed thereto. The  
35 royalties to which ~~the~~ THIS state is entitled on production from land  
36 purchased under this section shall be computed only on that part of the  
37 production allocated to such tract. When the agreements made under this  
38 section provide for the return of gas to a formation underlying the unit,  
39 they may provide that no royalties are required to be paid on the gas so  
40 returned.

41 D. State lands known to contain oil, gases and other hydrocarbon  
42 substances, geothermal resources, coal or stone, metals, minerals, fossils  
43 and fertilizer of every name and description, in paying quantities, or  
44 uranium, thorium or any other material ~~which~~ THAT is or may be determined  
45 by the laws of ~~the~~ THIS state OR the United States or BY decisions of

1 court to be peculiarly essential to the production of fissionable  
2 materials, whether or not of commercial value, and state lands adjoining  
3 lands ~~upon~~ ON which there are producing oil, gas or geothermal wells or  
4 adjoining lands known to contain any of such substances in paying  
5 quantities, or uranium, thorium or any other material peculiarly essential  
6 to the production of fissionable materials, whether or not of commercial  
7 value, shall not be sold. The prohibition against sale shall not operate  
8 to prevent the sale of lands known to contain, in paying quantities,  
9 common variety minerals as defined in section 27-271 or to prevent the  
10 sale of lands where ~~the~~ THIS state does not own such substances, minerals  
11 or metals in the lands sought to be sold. ~~The provisions of~~ This  
12 subsection ~~shall~~ DOES not prohibit the sale of such lands located within  
13 the exterior boundaries of an incorporated city or town, in which case the  
14 commissioner may offer the land for sale, provided the land shall be used  
15 solely for a public purpose. Such land shall revert to ~~the~~ THIS state if  
16 it is used other than for a public purpose.

17 E. Notwithstanding ~~the provisions of~~ subsection C of this section,  
18 all state lands sold after March 18, 1968 shall be sold with the  
19 reservation that all oil, gas, other hydrocarbon substances, helium or  
20 other substances of a gaseous nature, geothermal resources, coal, metals,  
21 minerals, fossils, fertilizer of every name and description, together with  
22 all uranium, all thorium or any other material ~~which~~ THAT is or may be  
23 determined by the laws of the United States or of this state, ~~or~~ BY  
24 decisions of court, ~~to~~ be peculiarly essential to the production of  
25 fissionable materials, whether or not of commercial value, and the  
26 exclusive right thereto, on, in, or under such land, shall be and remain  
27 and be reserved in and retained by ~~the~~ THIS state, regardless of any sale  
28 under this section and the issuance of any certificate of purchase to any  
29 purchaser of state lands pursuant to this section, provided, that the  
30 reservation shall not include common variety minerals as defined in  
31 section 27-271, subject to the following:

32 1. The ~~state land~~ department shall adopt rules providing for the  
33 protection of the patentee or contract purchaser of state lands, or their  
34 successors in interest, and ~~the~~ THIS state ~~of Arizona~~, against damage to  
35 the lands, livestock, water, crops, ~~or~~ other tangible improvements on  
36 lands held by such patentee or contract purchaser, and suffered by reason  
37 of the use or occupation of such lands by lessees or permittees engaged in  
38 mining and oil, gas and geothermal resource exploration and development  
39 under leases or permits executed by the department. The ~~state land~~  
40 department ~~may~~, at any time, MAY require each of its lessees or permittees  
41 to execute a bond in a reasonable principal amount conditioned ~~upon~~ ON  
42 payment for all such damages.

43 2. The mineral rights reserved to ~~the~~ THIS state in the lands sold  
44 shall be closed to entry and location as a mineral claim or claims, but  
45 the department may issue, ~~upon~~ ON application, mineral exploration permits

1 embracing the reserved mineral rights when such issuance is deemed in the  
2 best interest of ~~the~~ THIS state, provided that the surface owner or owners  
3 shall have the first right of refusal to acquire such mineral exploration  
4 permits.

5 Sec. 3. Section 37-240, Arizona Revised Statutes, is amended to  
6 read:

7 37-240. Limits on sales of state lands; foreign entity review  
8 commission; civil penalty; violation;  
9 classification; definitions

10 A. ~~No~~ A person may NOT purchase more than six hundred forty acres  
11 of grazing land, ~~or~~ or more than one hundred sixty acres of agricultural  
12 land.

13 B. ~~No~~ Sales, leases or subleases of state lands ~~shall~~ MAY NOT be  
14 made to ~~corporations~~ A CORPORATION or ~~associations~~ ASSOCIATION THAT IS not  
15 qualified to transact business in ~~the~~ THIS state.

16 C. BEGINNING ON THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS  
17 SECTION, SALES, LEASES OR SUBLEASES OF STATE LANDS MAY NOT BE MADE TO A  
18 HOSTILE FOREIGN ENTITY WITHOUT THE APPROVAL OF THE FOREIGN ENTITY REVIEW  
19 COMMISSION ESTABLISHED BY SECTION 33-459. THE COMMISSIONER MAY REFER ANY  
20 PROPOSED SALES, LEASES OR SUBLEASES OF STATE LANDS TO A FOREIGN ENTITY TO  
21 THE FOREIGN ENTITY REVIEW COMMISSION FOR REVIEW AND APPROVAL AS PRESCRIBED  
22 BY SECTION 33-459.

23 D. A PERSON OR ENTITY THAT VIOLATES SUBSECTION C OF THIS SECTION IS  
24 SUBJECT TO A CIVIL PENALTY. THE ATTORNEY GENERAL MAY BRING AN ACTION  
25 AGAINST A PERSON OR ENTITY THAT VIOLATES THIS SECTION. THE CIVIL PENALTY  
26 SHALL BE THE GREATER OF THE FOLLOWING:

- 27 1. \$250,000.  
28 2. FIFTY PERCENT OF THE FAIR MARKET VALUE OF THE INTEREST IN REAL  
29 PROPERTY THAT IS THE SUBJECT OF THE VIOLATION.

30 E. A PERSON WHO KNOWINGLY VIOLATES THIS SECTION IS GUILTY OF A  
31 CLASS 1 MISDEMEANOR, EXCEPT AS FOLLOWS:

32 1. IF ANY PORTION OF THE LAND IS LOCATED WITHIN TWENTY-FIVE MILES  
33 OF A MILITARY INSTALLATION OR CRITICAL INFRASTRUCTURE, THE PERSON IS  
34 GUILTY OF A CLASS 6 FELONY.

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41 FOREIGN GOVERNMENT OR STATE-CONTROLLED ENTERPRISE OF A FOREIGN GOVERNMENT.

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43 COUNTRY OF CONCERN BY THE DIRECTOR OF NATIONAL INTELLIGENCE OR THE UNITED  
44 STATES DEPARTMENT OF STATE.