

state land department; continuation; oversight

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

SENATE BILL 1336

AN ACT

AMENDING TITLE 27, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-201.01; REPEALING SECTION 27-231, ARIZONA REVISED STATUTES; AMENDING SECTION 27-239, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-240; AMENDING SECTION 27-251, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-251.01; AMENDING SECTIONS 27-252 AND 27-253, ARIZONA REVISED STATUTES; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTION 27-254, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING SECTIONS 27-255 AND 27-256, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-257; REPEALING SECTION 27-271, ARIZONA REVISED STATUTES; AMENDING SECTIONS 37-102, 37-231 AND 37-233, ARIZONA REVISED STATUTES; AMENDING TITLE 37, CHAPTER 2, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 37-325; AMENDING SECTIONS 37-331.03 AND 37-527, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3026.05, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3030.19; AMENDING SECTION 44-301, ARIZONA REVISED STATUTES; RELATING TO THE STATE LAND DEPARTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 27, chapter 2, article 1, Arizona Revised
3 Statutes, is amended by adding section 27-201.01, to read:

4 27-201.01. Definitions

5 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

6 1. "COMMISSIONER" MEANS THE STATE LAND COMMISSIONER.

7 2. "COMMODITY TYPE":

8 (a) INCLUDES ANY OF THE FOLLOWING:

9 (i) MINERALS.

10 (ii) COMMON VARIETY MINERAL.

11 (iii) OIL AS DEFINED IN SECTION 27-501.

12 (iv) GAS AS DEFINED IN SECTION 27-501.

13 (v) GEOTHERMAL RESOURCES AS DEFINED IN SECTION 27-651.

14 (vi) ANY OTHER TANGIBLE NATURAL PRODUCT OF THE LAND, NOT INCLUDING
15 NATIVE PLANTS, TIMBER OR WATER, THAT MAY BE EXPLORED AND PRODUCED IN THE
16 FUTURE.

17 (b) EXCEPT FOR HEAT AND OTHER FORMS OF ENERGY ASSOCIATED WITH
18 GEOTHERMAL RESOURCES AS DEFINED IN SECTION 27-651, DOES NOT INCLUDE
19 NONTANGIBLE NATURAL PRODUCTS OF THE LAND, INCLUDING WIND, SOLAR OR
20 ELECTRICITY GENERATED BY NONTANGIBLE NATURAL PRODUCTS OF THE LAND.

21 3. "COMMON VARIETY MINERAL":

22 (a) INCLUDES:

23 (i) A DEPOSIT OF PETRIFIED WOOD, STONE, PUMICE, PUMICITE, CINDERS,
24 DECOMPOSED GRANITE, SAND, GRAVEL, BOULDERS, COMMON CLAY, FILL DIRT AND
25 WASTE ROCK.

26 (ii) A DEPOSIT THAT, ALTHOUGH THE DEPOSITS MAY HAVE VALUE FOR USE
27 IN TRADE, MANUFACTURING, CONSTRUCTION, LANDSCAPE AND DECORATIVE ROCK
28 INDUSTRIES, DOES NOT POSSESS A DISTINCT, SPECIAL ECONOMIC VALUE FOR THOSE
29 USES BEYOND THE NORMAL USES OF THE DEPOSIT.

30 (iii) A MATERIAL THAT IS USED AS ROAD BASE MATERIAL, RIPRAP,
31 BALLAST, BORROW, FILL, FACING STONE, LANDSCAPE OR ORNAMENTAL USES AND
32 OTHER SIMILAR USES.

33 (b) DOES NOT INCLUDE LIMESTONE THAT IS SUITABLE FOR USE IN
34 PRODUCING CEMENT, METALLURGICAL OR CHEMICAL GRADE LIMESTONE OR GYPSUM.

35 4. "MINERAL" MEANS A METALLIC ORE MINERAL OR INDUSTRIAL MINERAL
36 OTHER THAN A COMMON VARIETY MINERAL.

37 5. "PRODUCTION LEASE" MEANS A LEASE FOR THE PURPOSES OF THE
38 EXTRACTION, SALE OR PROCESSING OR ANY OTHER PROCESSES OF A COMMODITY TYPE.

39 6. "STATE LAND" MEANS ANY LAND THAT IS OWNED OR HELD IN TRUST, OR
40 OTHERWISE, BY THIS STATE, INCLUDING LEASED SCHOOL OR UNIVERSITY LAND.

41 Sec. 2. Repeal

42 Section 27-231, Arizona Revised Statutes, is repealed.

1 Sec. 3. Section 27-239, Arizona Revised Statutes, is amended to
2 read:

3 27-239. Inspections, investigations and audits

4 A. The ~~state land~~ commissioner or the commissioner's authorized
5 representative may enter, and the lessee shall maintain access to, the
6 state land held under a ~~mineral~~ PRODUCTION lease at reasonable times to
7 inspect the workings, improvements and other facilities used to extract or
8 sever minerals or common variety minerals, ~~as defined in section 27-271,~~
9 from state lands.

10 B. The commissioner or the commissioner's authorized representative
11 may enter at reasonable times to:

12 1. Obtain factual data or access to records pertinent to mineral
13 production and required to be kept under the terms of the lease.

14 2. Otherwise ascertain compliance with law and the terms of the
15 lease.

16 C. Inspections, investigations and audits under subsection A OF
17 THIS SECTION shall be on reasonable notice to the lessee unless reasonable
18 grounds exist to believe that notice would frustrate the enforcement of
19 law or the terms of the lease. The commissioner may, and if required by
20 law shall, apply for and obtain warrants for entry and inspection.

21 D. The commissioner may require a lessee to appear at reasonable
22 times and on reasonable notice at the commissioner's office and produce
23 such records and information as are specified in the notice to determine
24 compliance with the terms of the lease.

25 E. The commissioner shall provide to the lessee a written report of
26 each inspection, investigation and audit under this section.

27 F. Tax records and trade secrets, as defined in section 23-401,
28 obtained under this section are confidential.

29 Sec. 4. Title 27, chapter 2, article 3, Arizona Revised Statutes,
30 is amended by adding section 27-240, to read:

31 27-240. State trust lands: production leases: renewals:
32 indexed royalties

33 A. NOTWITHSTANDING ANY OTHER LAW, THE COMMISSIONER MAY RENEW AN
34 EXISTING PRODUCTION LEASE WITHOUT PUBLIC AUCTION IF THE COMMISSIONER
35 DETERMINES ALL OF THE FOLLOWING:

36 1. THE LESSEE IS IN COMPLIANCE WITH THE TERMS OF THE PRODUCTION
37 LEASE.

38 2. THE PRODUCTION LEASE IS IN PRODUCTION OR A PERSON WILL PUT THE
39 PRODUCTION LEASE IN PRODUCTION WITHIN TWO YEARS AFTER THE DATE OF
40 PRODUCTION LEASE RENEWAL.

41 3. THE RENEWAL IS FOR A TERM THAT IS ALLOWED BY THE LAWS OF THIS
42 STATE.

1 B. A PRODUCTION LEASE THAT THE COMMISSIONER RENEWS PURSUANT TO THIS
2 SECTION SHALL PROVIDE FOR A ROYALTY RATE THAT IS ADJUSTED PURSUANT TO A
3 MARKET-BASED INDEXING MECHANISM THAT THE COMMISSIONER ADOPTS. THE
4 INDEXING MECHANISM MAY INCLUDE ANY OF THE FOLLOWING:

- 5 1. PRODUCER PRICE INDICES.
- 6 2. REGIONAL OR STATEWIDE CONSTRUCTION AGGREGATE PRICE INDICES.
- 7 3. OTHER OBJECTIVE INDICATORS THAT ARE RECOGNIZED BY THE INDUSTRY.

8 C. THE COMMISSIONER SHALL REVIEW THE INDEXED ROYALTY RATE FOR EACH
9 RENEWED PRODUCTION LEASE NOT MORE THAN ONCE EVERY FIVE YEARS.

10 Sec. 5. Heading change

11 The article heading of title 27, chapter 2, article 4, Arizona
12 Revised Statutes, is changed from "MINERAL EXPLORATION PERMITS AND MINERAL
13 LEASES" to "EXPLORATION PERMITS".

14 Sec. 6. Section 27-251, Arizona Revised Statutes, is amended to
15 read:

16 27-251. Application for exploration permit

17 A. Any natural person WHO IS over eighteen years of age and any
18 other person qualified to transact business in this state may apply to the
19 ~~state land~~ commissioner for ~~a mineral~~ AN exploration permit on ~~the~~ state
20 land ~~in~~, INCLUDING STATE LAND RESERVED MINERALS THAT ARE SUBJECT TO
21 SECTION 37-231, SUBSECTION E. EACH APPLICATION FOR AN EXPLORATION PERMIT
22 ON STATE LAND IN one or more of the rectangular subdivisions of twenty
23 acres, more or less, or lots, in any ~~one section~~ IDENTIFIED CONTIGUOUS
24 SECTIONS of the public land survey MAY NOT EXCEED MORE THAN NINE
25 SECTIONS. ~~Such~~ THE EXPLORATION PERMIT application shall be in writing and
26 signed by the applicant, or an authorized agent or attorney for the
27 applicant, and shall contain the name and address of the applicant, a
28 description according to the public land survey of the state land for
29 which the applicant seeks a ~~mineral exploration~~ permit, and such other
30 information as the commissioner may prescribe by rule. The ~~application~~
31 ~~APPLICANT~~ shall ~~be filed~~ FILE THE EXPLORATION PERMIT APPLICATION with the
32 state land department and shall ~~be accompanied by payment to the~~
33 ~~department of a filing fee~~ ACCOMPANY THE APPLICATION WITH A FILING FEE
34 PAYABLE TO THE STATE LAND DEPARTMENT as prescribed pursuant to section
35 37-107. THE COMMISSIONER SHALL STAMP each application ~~meeting~~ THAT MEETS
36 the requirements of this section ~~shall be stamped by the department~~ with
37 the time and date ~~it~~ THAT THE APPLICATION is filed with the STATE LAND
38 department. ~~The~~ AN application FOR AN EXPLORATION PERMIT FOR A SPECIFIC
39 COMMODITY TYPE shall have priority over any other application for a
40 ~~mineral~~ exploration permit involving the same state land ~~which~~ THAT may be
41 filed with the STATE LAND department subsequent to such time and date, and
42 ~~such~~ land ~~shall be~~ THAT IS SUBJECT TO THE EXPLORATION PERMIT APPLICATION
43 FOR A SPECIFIC TYPE IS deemed withdrawn as long as the application is
44 pending.

1 B. Not less than thirty days ~~nor~~ BUT NOT more than forty-five days
2 ~~from~~ AFTER the filing of the application with the STATE LAND department,
3 provided there is no prior application for ~~a mineral~~ AN exploration permit
4 FOR THE SAME COMMODITY TYPE involving the same state land then pending
5 before the STATE LAND department, or if such prior EXPLORATION application
6 is then pending but is subsequently ~~cancelled~~ CANCELED, not more than
7 thirty days after it is ~~cancelled~~ CANCELED, the STATE LAND department
8 shall mail to the applicant at the address shown on the application a
9 written notice designating the state land that is described in the
10 EXPLORATION application and that, at the time the application was filed
11 with the STATE LAND department, was open to application, the amount of
12 rental required to be paid for the ~~mineral~~ exploration permit as herein
13 provided, and whether a bond will be required under the provisions of
14 section 27-255 as a condition to ~~issuance of such~~ ISSUING THE EXPLORATION
15 permit. If, within thirty days after ~~the~~ mailing ~~of such~~ THE notice, the
16 applicant pays to the STATE LAND department as rental for the permit the
17 amount of ~~two dollars~~ \$2 per acre for each acre of state land designated
18 in the notice and files with the STATE LAND department the bond, if any,
19 required under section 27-255, and if the commissioner finds that issuing
20 the permit is in the best interest of the trust, the commissioner shall
21 issue to the applicant ~~a mineral~~ AN exploration permit for the state land
22 designated in the notice. The commissioner may deny the application for
23 any of the following reasons:

- 24 1. The application was not made in good faith.
- 25 2. The proposed exploration or possible future mining activities
- 26 would not be the highest and best use of the trust lands.
- 27 3. The value and income potential of surrounding trust lands would
- 28 be adversely affected and the benefit from proposed exploration and future
- 29 mining activity cannot reasonably be expected to be greater than the
- 30 diminished value to those surrounding trust lands.
- 31 4. The proposed operations would violate applicable state or
- 32 federal law.
- 33 5. The commissioner determines that the proposed exploration
- 34 activities or possible future mining activities will create a liability to
- 35 ~~the~~ THIS state greater than the income from the proposed operations.

36 C. During the period ~~such mineral~~ THAT AN exploration permit is in
37 effect, ~~no person except~~ ONLY the permittee and the authorized agents and
38 employees of the permittee shall be entitled to explore for ~~minerals~~ THE
39 SPECIFIC COMMODITY TYPE on the state land covered by the permit. If the
40 applicant fails to make the payment or furnish the bond within the period
41 of thirty days, the application shall be deemed cancelled and of no
42 further effect.

1 Sec. 7. Title 27, chapter 2, article 4, Arizona Revised Statutes,
2 is amended by adding section 27-251.01, to read:

3 27-251.01. Definition of exploration

4 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES,
5 "EXPLORATION" MEANS ACTIVITY CONDUCTED ON STATE LAND, INCLUDING ACTIVITY
6 ON STATE RESERVED MINERALS, THAT IS COVERED BY AN EXPLORATION PERMIT
7 ISSUED PURSUANT TO THIS ARTICLE TO DETERMINE THE EXISTENCE OR NONEXISTENCE
8 OF A COMMODITY TYPE, INCLUDING GEOLOGICAL, GEOCHEMICAL OR GEOPHYSICAL
9 SURVEYS CONDUCTED BY QUALIFIED EXPERTS AND DRILLING, SAMPLING AND
10 EXCAVATING, TOGETHER WITH THE COSTS OF ASSAY AND METALLURGICAL TESTING OF
11 SAMPLES FROM STATE LAND.

12 Sec. 8. Section 27-252, Arizona Revised Statutes, is amended to
13 read:

14 27-252. Terms of exploration permit

15 A. ~~Every mineral~~ AN exploration permit shall be for a term of ~~one~~
16 ~~year from~~ FIVE YEARS AFTER the date of issuance, subject to ~~renewals~~ THE
17 ELIGIBILITY FOR EXPLORATION PERMIT RENEWAL FOR ONE ADDITIONAL FIVE-YEAR
18 PERIOD as provided in this article for an aggregate of not ~~to exceed five~~
19 MORE THAN TEN years ~~from such~~ AFTER THE date, OF ISSUANCE and shall give
20 to the permittee the rights, subject ONLY to the terms and conditions, as
21 follows:

22 1. During the period ~~the~~ AN EXPLORATION permit is in force and
23 effect, the permittee shall have the exclusive right to explore for
24 ~~minerals~~ A SPECIFIC COMMODITY TYPE within the state land covered by the
25 permit and to apply for and obtain a ~~mineral~~ PRODUCTION lease or leases to
26 the STATE land.

27 2. DURING THE PERIOD THE EXPLORATION PERMIT IS IN FORCE AND EFFECT,
28 the permittee shall have those surface rights necessary for exploration
29 ~~for mineral~~ on the state land covered by the permit, but may remove from
30 the STATE land only that amount of ~~mineral~~ COMMODITY TYPE THAT IS required
31 by the permittee for sampling, assay and metallurgical testing purposes.

32 3. The permittee shall have the right of ingress to and egress from
33 the STATE land covered by the permit across other state lands but only
34 along routes first approved by the commissioner.

35 4. The permittee shall be liable to and shall compensate the owner
36 ~~and~~ OR ANY STATE lessee of the surface of the state land covered by the
37 permit, or across which the permittee exercises the right of ingress and
38 egress, for any loss to such owner and lessee from damage or destruction
39 caused by the permittee or the permittee's agents or employees to grasses,
40 forage, crops or improvements ~~upon~~ ON such state land.

41 5. The permit shall terminate automatically as of the end of ~~any~~
42 ~~annual~~ THE INITIAL FIVE-YEAR period from and after the date of issuance
43 ~~unless~~ AND IS SUBJECT TO RENEWAL FOR AN EXPLORATION PERMIT AS PROVIDED BY
44 THIS ARTICLE. During ~~such annual~~ THE INITIAL FIVE-YEAR period, OR ANY
45 RENEWAL PERIOD, the permittee ~~expended~~ MUST EXPEND in exploration for

1 ~~valuable mineral deposits~~ THE SPECIFIC COMMODITY TYPE on the state land
 2 covered by the permit not less than the amount per acre provided in this
 3 article or paid to the STATE LAND department a sum equal thereto, and
 4 ~~prior to~~ BEFORE expiration of ~~such annual~~ THE INITIAL FIVE-YEAR period
 5 shall have filed with the STATE LAND department ~~an application for renewal~~
 6 ~~for the ensuing annual period, and~~ an affidavit showing such expenditure,
 7 together with such other proof in support thereof as the commissioner by
 8 rule may prescribe. The amount to be so expended or paid to the STATE
 9 LAND department during each of the first two ~~annual periods in which such~~
 10 YEARS THAT THE permit may be in effect ~~shall be not less than ten dollars~~
 11 MUST BE AT LEAST \$10 for each acre of state land covered by the permit at
 12 the commencement of ~~such annual~~ THE FIVE-YEAR period, and the amount to be
 13 so expended or paid to the STATE LAND department during each of the last
 14 three ~~annual periods in which such~~ YEARS THAT THE permit may be in effect
 15 ~~shall be not less than twenty dollars~~ MUST BE AT LEAST \$20 for each acre
 16 of state land covered by the permit at the commencement of ~~such annual~~
 17 ~~period~~ THE FIVE-YEAR PERIOD. ~~Prior to~~ BEFORE termination of any ~~such~~
 18 ~~annual~~ FIVE-YEAR PERMIT period, the permittee may, by instrument in
 19 writing filed with the STATE LAND department, release from the permit the
 20 acreage covered thereby and contained within one or more rectangular
 21 subdivisions of twenty acres, more or less, or lots, according to the
 22 lines of the public land surveys.

23 6. When a permittee has an interest in one or more contiguous
 24 properties ~~for which he or she~~ THAT THE PERSON holds ~~a mineral~~ AN
 25 exploration permit, ~~such~~ THE permittee may group such permits and expend
 26 the sum required by this article under a common plan of development on one
 27 or more of the properties for the benefit of all ~~if the total area of such~~
 28 ~~contiguous property does not exceed three miles on a side.~~

29 7. ~~Upon~~ ON termination of the ~~mineral~~ exploration permit, other
 30 than by issuance of a ~~mineral~~ lease, the permittee shall submit to the
 31 STATE LAND department the following information, which shall not include
 32 any chemical analysis or other identification of ~~minerals~~ COMMODITY TYPES,
 33 concerning any drill holes or wells drilled on state land covered by the
 34 permit:

- 35 (a) Total depth.
- 36 (b) Lithologies and depths of lithologic boundaries encountered in
 37 the hole.
- 38 (c) Logs of surveys made of the hole, including gamma ray,
 39 resistivity, caliper and deviation surveys.

40 8. Drill hole information shall be confidential for one year after
 41 termination of the permit, and such period of confidentiality shall be
 42 extended for an additional year ~~upon~~ ON the request of the permittee.

43 9. Any expenditures in exploration for ~~valuable mineral deposits~~ A
 44 SPECIFIC COMMODITY TYPE made in excess of the requirements of this article

during any annual period of the permit may be credited against expenditure requirements of successive ~~annual periods~~ YEARS of the permit.

10. In lieu of making expenditures in exploration, the permittee may elect to make a money payment of the amounts required for expenditures in exploration for ~~valuable mineral deposits~~ A SPECIFIC COMMODITY TYPE to the STATE LAND department.

B. ~~Upon~~ ON any partial or total relinquishment, or ON the cancellation or expiration of the permit other than by issuance of a ~~mineral~~ PRODUCTION lease, the permittee shall fill any holes, ditches or other excavations, as may be required by the commissioner, and, as far as reasonably possible, reclaim the surface to its former condition.

~~C. As used in this article, "exploration" means activity conducted upon the state land covered by an exploration permit to determine the existence or nonexistence of a valuable mineral deposit, including but not limited to geological, geochemical or geophysical surveys conducted by qualified experts, and drilling, sampling and excavation, together with the costs of assay and metallurgical testing of samples from such land.~~

Sec. 9. Section 27-253, Arizona Revised Statutes, is amended to read:

27-253. Renewal of exploration permit

The holder of an exploration permit may, ~~prior to~~ WITHIN SIXTY DAYS BEFORE THE expiration of the ~~annual~~ INITIAL FIVE-YEAR EXPLORATION PERMIT period ~~for which such permit was issued, or prior to expiration of the annual period for which such permit was renewed~~, file with the STATE LAND department an application for renewal of ~~such~~ THE EXPLORATION permit for the ensuing ~~annual~~ FIVE-YEAR period. ~~No such~~ AN application for renewal ~~shall~~ MAY NOT be filed, nor shall the EXPLORATION permit be renewed, for more than ~~four successive annual periods following~~ ONE ADDITIONAL FIVE-YEAR PERMIT PERIOD AFTER expiration of the ~~annual~~ INITIAL FIVE-YEAR period ~~for which such~~ THAT THE permit was issued. ~~No rental shall be payable for the first annual period for which a permit may be renewed.~~ The rental for each of the ~~three~~ subsequent ~~annual periods following the first annual period~~ PERMIT PERIOD for which a permit may be renewed shall be ~~one dollar~~ \$1 for each acre of state land for which the application for renewal is filed. ~~Upon~~ ON receipt by the STATE LAND department of the application for renewal, and the affidavit of expenditure of the required amount in exploration during the ~~current~~ ~~annual~~ INITIAL FIVE-YEAR period or a IN LIEU OF THE sum ~~equal thereto~~, together with such other proof in support of such expenditure as the commissioner by regulation may prescribe, and payment to the STATE LAND department of the rental for the ensuing annual period, all ~~prior to~~ BEFORE THE expiration of the current ~~annual~~ INITIAL FIVE-YEAR period, the commissioner shall issue a renewal of the EXPLORATION permit for the ensuing ~~annual~~ FIVE-YEAR period.

1 Sec. 10. Transfer and renumber

2 Section 27-254, Arizona Revised Statutes, is transferred and
3 renumbered for placement in title 27, chapter 2, article 3, Arizona
4 Revised Statutes, as a new section 27-231.

5 Sec. 11. Section 27-255, Arizona Revised Statutes, is amended to
6 read:

7 27-255. Bonds

8 A. The commissioner, in ~~his~~ THE COMMISSIONER'S discretion, may
9 require the applicant for ~~a mineral~~ AN exploration permit, ~~prior to~~
10 ~~issuance of such~~ IN CONJUNCTION WITH ISSUING THE EXPLORATION permit, to
11 file with the commissioner a surety bond, in form and amount and with
12 surety approved by the commissioner, conditioned ~~upon~~ ON the prompt
13 payment to the owner and lessee of the surface of state land to be covered
14 by the permit, or across which the permittee exercises the right of
15 ingress or egress, for any loss to such owner or lessee from damage or
16 destruction caused by the permittee or his or its agents or employees to
17 grasses, forage, crops and improvements ~~upon~~ ON such state lands.

18 B. The commissioner may also require the permittee to furnish a
19 bond, in a reasonable amount to be fixed by the commissioner, conditioned
20 that the permittee will guarantee restoration of the surface of the STATE
21 land described in the ~~mineral~~ exploration permit to its former condition
22 ~~upon~~ ON any partial or total relinquishment of such STATE lands, or the
23 cancellation or expiration of the permit other than by issuance of a
24 ~~mineral~~ lease.

25 C. On default, the commissioner may use the proceeds of the bond
26 for the purposes described in subsection A or B OF THIS SECTION.

27 Sec. 12. Section 27-256, Arizona Revised Statutes, is amended to
28 read:

29 27-256. Assignment of exploration permits

30 Any ~~mineral~~ exploration permit issued ~~hereunder~~ PURSUANT TO THIS
31 ARTICLE may be assigned in whole or in part by the permittee. ~~, but such~~
32 AN EXPLORATION PERMIT assignment ~~shall not become~~ IS NOT effective unless
33 and until THE PERMITTEE FILES a copy ~~thereof is filed~~ OF THE EXPLORATION
34 PERMIT ASSIGNMENT with the STATE LAND department and ~~is approved by~~ the
35 commissioner APPROVES THE ASSIGNMENT. The assignee shall succeed to all
36 of the rights and shall be subject to obligations of the permittee under
37 the ~~mineral~~ exploration permit.

38 Sec. 13. Title 27, chapter 2, article 4, Arizona Revised Statutes,
39 is amended by adding section 27-257, to read:

40 27-257. Applicability

41 A MINERAL PERMIT OR COMMON VARIETY RIGHT OF ENTRY PERMIT THAT THE
42 STATE LAND DEPARTMENT ISSUED BEFORE THE EFFECTIVE DATE OF THIS SECTION MAY
43 DO EITHER OF THE FOLLOWING AT THE CHOICE OF THE PERMITTEE:

44 1. CONTINUE IN EFFECT UNTIL THE INITIAL EXPIRATION DATE STATED IN
45 THE EXISTING EXPLORATION PERMIT.

1 2. BE SURRENDERED AT ANY TIME BEFORE THE INITIAL EXPIRATION DATE
2 STATED IN THE EXPLORATION PERMIT AND REMAIN SUBJECT TO REPLACEMENT WITH A
3 FIVE-YEAR PERMIT PERIOD AS PROVIDED IN THIS ARTICLE.

4 Sec. 14. Repeal

5 Section 27-271, Arizona Revised Statutes, is repealed.

6 Sec. 15. Section 37-102, Arizona Revised Statutes, is amended to
7 read:

8 37-102. State land department; powers and duties

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

11 B. The department shall have ~~charge and control~~ PRIMARY OVERSIGHT
12 of all lands owned by this state, and timber, stone, gravel and other
13 products of such lands, except lands under the specific use and control of
14 state institutions and the products of such lands.

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

21 D. The department shall be the official representative of this
22 state in any communication between this state and the United States
23 government in all matters respecting state lands or any interest of this
24 state in or to the public lands within this state. IF THE MATTER INVOLVES
25 A FEDERAL LAND WITHDRAWAL OR RESERVATION OR THE FEDERAL GOVERNMENT'S
26 ACQUISITION OF NONFEDERALLY CONTROLLED LAND, THE DEPARTMENT SHALL
27 COOPERATE AND SEEK THE ADVICE OF THE PRESIDENT OF THE SENATE AND THE
28 SPEAKER OF THE HOUSE OF REPRESENTATIVES ON THE COMMUNICATION.

29 E. The summons in any action against this state respecting any
30 lands of this state or the products of such lands and all notices
31 concerning such lands or products shall be served on the commissioner.
32 Summonses, warrants or legal notices served on behalf of the department
33 may be served by the commissioner or the commissioner's deputy, or by the
34 sheriff or a constable of any county of this state.

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

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

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

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

8 2. Make a map of the ancillary military facility described in
9 section 28-8461, paragraph 7, subdivision (a) available to the public in
10 printed or electronic format and provide the map in printed or electronic
11 format to the state real estate department.

12 3. On receipt of proper information from the military installation
13 commander with responsibility for the military electronics range, prepare
14 a map of the military electronics range as defined in section 9-500.28 and
15 make that map available to the public in printed or electronic format and
16 provide the map in printed or electronic format to the state real estate
17 department. Within ninety days after receipt of notice of any change in
18 the boundaries of the military electronics range from the military
19 installation commander, the state land department shall revise its map and
20 provide the map to the public and to the state real estate department.

21 4. On or before December 31, 2024 and on receipt of proper
22 information from the applicable military installation's and range's and
23 Arizona national guard site's commanders, prepare electronic legal
24 descriptions and maps of the military installation and range and Arizona
25 national guard site and their respective influence areas as defined in
26 sections 9-500.50 and 11-818.01 and provide the legal descriptions and
27 maps to the state real estate department and the public. The state land
28 department shall make changes to the boundaries of the military
29 installation and range and ARIZONA national guard site and their
30 respective influence areas and provide them to the state real estate
31 department and the public within ninety days after receipt of those
32 changes from the military installation's and range's and Arizona national
33 guard site's commanders.

34 I. THE DEPARTMENT SHALL:

35 1. UNLESS MUTUALLY AGREED ON BY THE DEPARTMENT AND THE LESSEE,
36 RESTRICT THE USE OF A HOLDOVER PROVISION FOR A LEASE OR PERMIT TO NOT MORE
37 THAN NINETY DAYS.

38 2. UNLESS MUTUALLY AGREED ON BY THE DEPARTMENT AND THE LESSEE,
39 RESTRICT THE USE OF SPECIAL LAND USE PERMITS TO ONLY TEMPORARY LAND USES
40 THAT DO NOT HAVE A DEDICATED LAND USE LEASE OR PERMIT. THE DEPARTMENT
41 SHALL ISSUE A SPECIAL LAND USE PERMIT ONLY FOR A SET TIME FRAME ENUMERATED
42 IN THE SPECIAL LAND USE PERMIT. THE DEPARTMENT MAY NOT CANCEL A SPECIAL
43 LAND USE PERMIT UNLESS THE SPECIAL LAND USE PERMITTEE VIOLATES THE TERMS
44 OF THE SPECIAL LAND USE PERMIT.

1 3. USE PUBLICLY POSTED CRITERIA THAT ARE CREATED BY THE DEPARTMENT
2 AND POSTED ON THE DEPARTMENT'S WEBSITE AND DETERMINE THE ADMINISTRATIVE
3 COMPLETENESS OF ALL APPLICATIONS THAT THE DEPARTMENT RECEIVES PURSUANT TO
4 STATE LAW. AN APPLICATION IS SUBJECT TO WITHDRAWAL IF THE APPLICANT DOES
5 NOT RESPOND TO A WRITTEN AND ELECTRONIC NOTICE OF DEFICIENCY OR REQUEST
6 FOR ADDITIONAL INFORMATION WITHIN THREE MONTHS AFTER THE NOTICE OR
7 REQUEST. AFTER THE THREE-MONTH PERIOD, THE DEPARTMENT SHALL ISSUE A FINAL
8 NOTICE THAT STATES THE APPLICATION IS WITHDRAWN IF THE APPLICANT DOES NOT
9 RESPOND IN THIRTY DAYS.

10 4. MAKE AVAILABLE TO THE PUBLIC ON THE DEPARTMENT'S WEBSITE ALL
11 BOILERPLATE LEASE, PATENT, ADDENDUM, APPLICATION AND OTHER INSTRUMENT
12 CONDITIONS AND OBLIGATIONS THAT THE DEPARTMENT REQUIRES IN A LEASE,
13 PATENT, ADDENDUM OR OTHER INSTRUMENT FOR THE USE, POSSESSION, OCCUPANCY,
14 LEASE OR CONVEYANCE OF STATE LANDS. THE DEPARTMENT MAY NOT INCLUDE ANY
15 TERM, CONDITION OR OBLIGATION IN AN INSTRUMENT FOR THE USE, POSSESSION,
16 OCCUPANCY, LEASE OR CONVEYANCE OF STATE LANDS THAT IS NOT AUTHORIZED BY
17 STATUTE, THAT IS MORE STRINGENT THAN STATUTE.

18 ~~I.~~ J. The state land department shall provide each map and the
19 legal description of the boundaries of each ancillary military facility
20 described in section 28-8461, paragraph 7 in electronic format to the
21 state real estate department. Each map prepared by the state land
22 department pursuant to this section shall:

23 1. Describe the ancillary military facility, the territory in the
24 vicinity of the ancillary military facility and the high noise and
25 accident potential zone, accident potential zone one and accident
26 potential zone two associated with the ancillary military facility.

27 2. Be submitted to the county in which the ancillary military
28 facility is located.

29 3. Be made available to the public.

30 ~~J.~~ K. The state land department shall prepare a military training
31 route map. The map shall contain military training route numbers in this
32 state that are used by various United States armed forces. The map shall
33 be dated.

34 ~~K.~~ L. When preparing the military training route map, the state
35 land department shall use information contained in the most current
36 department of defense publication that is entitled "area planning military
37 training routes for North and South America".

38 ~~L.~~ M. The military training route map shall be made available to
39 the public.

40 ~~M.~~ N. Within ninety days after the department is notified of a
41 change of a military training route in this state, the department shall
42 prepare a revised military training route map. The map shall be dated and
43 contain a statement that the map supersedes all previously dated maps.
44 The state land department shall send the revised map to the state real
45 estate department electronically and shall also send an accompanying

1 letter specifying the military training route changes. The state land
2 department shall send the revised map and an accompanying letter
3 specifying the military training route changes to the municipalities
4 affected by the changes and to all counties.

5 ~~N.~~ O. The department shall submit the military training route map
6 prepared pursuant to this section to the counties in either an electronic
7 or a printed format. The format shall be determined by the receiving
8 county.

9 ~~O.~~ P. The state land department shall provide the legal
10 description of the boundaries of the military training routes as
11 delineated in the military training route map to the state real estate
12 department in electronic format.

13 ~~P.~~ Q. The state land department shall prepare a military
14 restricted airspace map. The map shall contain military restricted
15 airspace in this state that is used by various United States armed
16 forces. The map shall be dated.

17 ~~Q.~~ R. When preparing the military restricted airspace map, the
18 state land department shall use information contained in the most current
19 department of transportation publication that is entitled "aeronautical
20 chart".

21 ~~R.~~ S. The military restricted airspace map shall be made available
22 in printed or electronic format to the public at the state land department
23 and at the state real estate department.

24 ~~S.~~ T. Within ninety days after the department is notified of a
25 change of military restricted airspace in this state, the department shall
26 prepare a revised military restricted airspace map. The map shall be
27 dated and contain a statement that the map supersedes all previously dated
28 maps. The state land department shall send the revised map to the state
29 real estate department electronically and shall also send an accompanying
30 letter specifying the military restricted airspace changes. The state
31 land department shall send the revised map and an accompanying letter
32 specifying the military restricted airspace changes to the municipalities
33 affected by the changes and to all counties.

34 ~~T.~~ U. The department shall submit the military restricted airspace
35 map prepared pursuant to this section to the counties in either an
36 electronic or a printed format. The format shall be determined by the
37 receiving county.

38 ~~U.~~ V. The state land department shall provide the legal
39 description of the boundaries of the military restricted airspace as
40 delineated in the military restricted airspace map to the state real
41 estate department in electronic format.

42 ~~V.~~ W. The department may accept title to and manage real estate,
43 property rights and related infrastructure acquired pursuant to section
44 26-262, subsection K for preserving or enhancing military installations in
45 this state.

1 Sec. 16. Section 37-231, Arizona Revised Statutes, is amended to
2 read:

3 37-231. State lands subject to sale; rights reserved in lands
4 sold; state lands not subject to sale; development
5 agreements

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

9 B. Any person over eighteen years of age is entitled to purchase
10 any of the state lands.

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

21 1. For the purpose of promoting the sale of state lands and the
22 more active cooperation of the owner of the soil, and to facilitate the
23 development of its mineral resources, the state constitutes the purchaser
24 of the land its agent for the purposes specified in this section, and in
25 consideration hereof, relinquishes to and vests in the purchaser of the
26 state land an undivided fifteen-sixteenths of all oil, gas and the value
27 thereof ~~which~~ THAT may be ~~upon~~ ON or within any state land purchased after
28 July 9, 1954 and before March 18, 1968.

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

36 3. ~~Upon~~ ON discovery of oil and gas in paying quantities on land
37 adjoining state lands purchased under the authority of this section, the
38 purchaser or the purchaser's lessee shall drill and produce all wells
39 necessary to protect the land so purchased from drainage by wells on lands
40 in which ~~the~~ THIS state has no royalty interest, or has a lesser royalty
41 interest. If the purchaser or the purchaser's lessee fails to protect
42 against such drainage, ~~the~~ THIS state, acting through the ~~state land~~
43 department, ~~may~~, three months after demand therefor in writing by the
44 ~~state land~~ department to such purchaser and the purchaser's lessee, MAY

1 enter ~~upon~~ ON such lands and drill all wells necessary to protect ~~the~~ THIS
2 state against such drainage.

3 4. The interest reserved by ~~the~~ THIS state in any state lands sold
4 may be committed to a drilling unit or cooperative or unit plans of
5 development and operation of oil and gas pools with the United States, its
6 agencies and its and their lessees and permittees, and with private owners
7 and persons holding oil and gas leases on private lands or on state lands.
8 The ~~state-land~~ department ~~may~~, insofar as the interest of ~~the~~ THIS state
9 may be affected thereby, MAY join in and consent to any such plan on
10 behalf of ~~the~~ THIS state. Such agreements shall provide for the equitable
11 division on an agreed basis of the oil and gas produced from the unit, but
12 ~~no~~ such AN agreement shall NOT relieve any operator from the obligation to
13 develop reasonably the lands and leases as a whole committed thereto. The
14 royalties to which ~~the~~ THIS state is entitled on production from land
15 purchased under this section shall be computed only on that part of the
16 production allocated to such tract. When the agreements made under this
17 section provide for the return of gas to a formation underlying the unit,
18 they may provide that no royalties are required to be paid on the gas so
19 returned.

20 D. State lands known to contain oil, gases and other hydrocarbon
21 substances, geothermal resources, coal or stone, metals, minerals, fossils
22 and fertilizer of every name and description, in paying quantities, or
23 uranium, thorium or any other material which is or may be determined by
24 the laws of ~~the~~ THIS state the United States or decisions of court to be
25 peculiarly essential to the production of fissionable materials, whether
26 or not of commercial value, and state lands adjoining lands ~~upon~~ ON which
27 there are producing oil, gas or geothermal wells or adjoining lands known
28 to contain any of such substances in paying quantities, or uranium,
29 thorium or any other material peculiarly essential to the production of
30 fissionable materials, whether or not of commercial value, shall not be
31 sold. The prohibition against sale shall not operate to prevent the sale
32 of lands known to contain, in paying quantities, common variety minerals
33 as defined in section ~~27-271~~ 27-201.01 or to prevent the sale of lands
34 where ~~the~~ THIS state does not own such substances, minerals or metals in
35 the lands sought to be sold. ~~The provisions of~~ This subsection shall not
36 prohibit the sale of such lands located within the exterior boundaries of
37 an incorporated city or town, in which case the commissioner may offer the
38 land for sale, provided the land shall be used solely for a public
39 purpose. Such land shall revert to ~~the~~ THIS state if it is used other
40 than for a public purpose.

41 E. Notwithstanding ~~the provisions of~~ subsection C of this section,
42 all state lands sold after March 18, 1968 shall be sold with the
43 reservation that all oil, gas, other hydrocarbon substances, helium or
44 other substances of a gaseous nature, geothermal resources, coal, metals,
45 minerals, fossils, fertilizer of every name and description, together with

all uranium, all thorium or any other material ~~which~~ THAT is or may be determined by the laws of the United States or of this state, or BY decisions of court, to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, and the exclusive right thereto, on, in, or under such land, shall be and remain and be reserved in and retained by ~~the~~ THIS state, regardless of any sale under this section and the issuance of any certificate of purchase to any purchaser of state lands pursuant to this section, provided, that the reservation shall not include common variety minerals as defined in section ~~27-271~~ 27-201.01, subject to the following:

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

2. The mineral rights reserved to ~~the~~ THIS state in the lands sold shall be closed to entry and location as a mineral claim or claims, but the department may issue, ~~upon~~ ON application, mineral exploration permits embracing the reserved mineral rights when such issuance is deemed in the best interest of ~~the~~ THIS state, provided that the surface owner or owners shall have the first right of refusal to acquire such mineral exploration permits.

Sec. 17. Section 37-233, Arizona Revised Statutes, is amended to read:

37-233. Sale of state lands; restriction on sale of timber land; expense of sale; procedures and criteria for sale of state lands by the commissioner

A. On receiving an application, or on the commissioner's initiative, the ~~state land~~ department, under the rules of the department, may cause state lands to be sold if the sale of them is not prohibited by law.

B. Land containing timber of a value which in the opinion of the commissioner should be sold separately from the land shall not be subject to sale until after the timber is sold.

C. When an application is filed with the department for selection or sale of land under the laws of this state, and the department determines that the benefit to be derived from the selection or sale is less than the expense involved, the commissioner may accept from the applicant an amount of money sufficient to pay the expense incidental to

1 the selection or sale. If the applicant fails to secure a lease after
2 selection of land, or fails to purchase land after bidding for it, the
3 successful lessee or purchaser shall reimburse the original applicant for
4 all funds so advanced.

5 D. THE DEPARTMENT SHALL ESTABLISH A PROCEDURE AND THE CRITERIA THAT
6 THE COMMISSIONER MUST USE FOR DETERMINING WHETHER TO INITIATE THE SALE OF
7 STATE LANDS BY THE COMMISSIONER'S OWN INITIATIVE AND SHALL POST THE
8 PROCEDURE AND CRITERIA ON THE DEPARTMENT'S WEBSITE.

9 E. THE COMMISSIONER SHALL HIRE A THIRD-PARTY CONTRACTOR TO APPRAISE
10 AND PREPARE STATE LANDS FOR PUBLIC AUCTION. THE DEPARTMENT MAY USE EITHER
11 DEPARTMENT STAFF OR A THIRD-PARTY CONTRACTOR TO SATISFY THE NOTICE
12 REQUIREMENTS PRESCRIBED IN SECTION 37-237.

13 F. THIS SECTION DOES NOT PROHIBIT THE COMMISSIONER FROM SELLING
14 STATE LANDS THAT HAVE NOT BEEN IDENTIFIED FOR SALE IN THE FIVE YEAR
15 DISPOSITION PLAN ADOPTED PURSUANT TO SECTION 37-331.03 OR RESTRICT THE USE
16 OF STATE LANDS SOLD PURSUANT TO THIS SECTION TO THE USES IDENTIFIED IN THE
17 CONCEPTUAL LAND USE PLAN APPROVED PURSUANT TO SECTION 37-331.03.

18 Sec. 18. Title 37, chapter 2, article 5, Arizona Revised Statutes,
19 is amended by adding section 37-325, to read:

20 37-325. Improvements; lease renewals; holdover leases

21 THE DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

22 1. WITHIN NINETY DAYS, APPROVE OR DENY ANY APPLICATION TO PLACE AN
23 IMPROVEMENT ON LEASED STATE LANDS THAT IS CONSISTENT WITH THE LEASE.

24 2. WITHIN SIX MONTHS AFTER THE CONCLUSION OF A LEASE OR LEASE
25 HOLDOVER, PROVIDE THE LESSEE A REIMBURSEMENT PLAN THAT INCLUDES BOTH OF
26 THE FOLLOWING:

27 (a) A VALUATION OF THE FAIR MARKET VALUE OF ALL PREVIOUSLY APPROVED
28 IMPROVEMENTS THAT THE LESSEE MADE TO THE STATE LANDS, AS DETERMINED BY AN
29 INDEPENDENT THIRD-PARTY VENDOR.

30 (b) A REASONABLE TIMELINE IN WHICH THE DEPARTMENT WILL REIMBURSE
31 THE LESSEE FOR THE FAIR MARKET VALUE OF ALL PREVIOUSLY APPROVED
32 IMPROVEMENTS THAT THE LESSEE MADE TO THE STATE LANDS.

33 3. NOT LESS THAN SIX MONTHS BEFORE THE EXPIRATION OF A LEASE,
34 PROVIDE TO THE LESSEE A NOTICE. THE NOTICE MUST INCLUDE ALL OF THE
35 FOLLOWING:

36 (a) ANY PROPOSED RENTAL INCREASE OR PROPOSED CHANGE TO THE TERMS
37 AND CONDITIONS OF THE LEASE.

38 (b) THE INTENT OF THE DEPARTMENT TO RENEW OR TERMINATE THE LEASE.

39 (c) THE JUSTIFICATION FOR THE COMMISSIONER'S DECISION, AS
40 PRESCRIBED IN SECTION 37-133, TO RENEW OR TERMINATE THE LEASE.

1 Sec. 19. Section 37-331.03, Arizona Revised Statutes, is amended to
2 read:

3 37-331.03. Conceptual land use plans; five year state trust
4 land disposition plans; definitions

5 A. The ~~commissioner~~ DEPARTMENT shall create AND APPROVE conceptual
6 land use plans for all urban state trust land in this state ~~and other~~
7 ~~state trust lands the commissioner considers to be appropriate~~. The
8 commissioner shall:

9 1. Prioritize the creation of conceptual LAND USE plans to the
10 extent possible to:

11 (a) Correlate with the rate of population growth ~~in the urban~~ areas
12 in this state.

13 (b) Coincide with the production of municipal general plans under
14 title 9, chapter 4, article 6 and county plans under title 11, chapter 6,
15 article 1.

16 (c) PROMOTE ECONOMIC GROWTH IN THE RURAL AREAS OF THIS STATE.

17 2. Revise and update each CONCEPTUAL LAND USE plan at least every
18 ten years. THE COMMISSIONER SHALL ISSUE A WRITTEN ORDER APPROVING EACH
19 CONCEPTUAL LAND USE PLAN AND CONCEPTUAL LAND USE PLAN REVISION.

20 3. Consult with the city, ~~OR town OR~~ AND county in which the STATE
21 TRUST land is located ~~and with any regional planning organization~~
22 ~~regarding integrating the conceptual plan into the general land use plan~~
23 ~~of the city, town or county~~ AND THE ARIZONA GEOLOGICAL SURVEY.

24 4. ~~Submit~~ POST each CONCEPTUAL LAND USE plan, ~~and revision of the~~
25 ~~A CONCEPTUAL LAND USE plan, to the urban land planning oversight committee~~
26 ~~for review~~ AND THE COMMISSIONER'S WRITTEN APPROVAL OF EACH CONCEPTUAL LAND
27 USE PLAN AND CONCEPTUAL LAND USE PLAN REVISION ON THE DEPARTMENT'S
28 WEBSITE.

29 B. On approval of the conceptual land use plan by the commissioner
30 under this section, the conceptual LAND USE plan is ~~considered to be~~ a
31 state general plan for THE purposes of this article AND REMAINS EFFECTIVE
32 UNTIL REVISED AS PRESCRIBED BY THIS SECTION.

33 C. The commissioner may create the conceptual land use plans under
34 subsection A of this section by any of the following methods:

35 1. Using department staff ~~OR~~ AND private consultants.

36 2. Entering into participation contracts pursuant to section
37 37-239.

38 3. Issuing planning permits for ~~urban~~ STATE lands pursuant to
39 section 37-338.

40 4. Entering into planning contracts for urban lands or other state
41 trust lands the commissioner considers to be appropriate, including
42 compensation as provided by section 37-338, subsection D.

43 D. The commissioner shall create A five year disposition ~~plans~~ PLAN
44 for all state trust land in EACH COUNTY IN this state, based at a minimum
45 on market demand, POTENTIAL ECONOMIC BENEFITS TO RURAL COMMUNITIES OR

1 anticipated transportation and infrastructure availability. The
2 commissioner shall DO ALL OF THE FOLLOWING:

3 1. Review and update each FIVE YEAR DISPOSITION plan ~~each year~~ FOR
4 EACH COUNTY as ~~may be~~ necessary.

5 2. Consult with the city, ~~OR~~ town ~~or~~ AND county in which the land
6 is located ~~and with any regional planning organization~~.

7 3. POST EACH FIVE YEAR DISPOSITION PLAN, EACH FIVE YEAR DISPOSITION
8 PLAN REVISION AND EACH WRITTEN ORDER THAT ADOPTS OR APPROVES A FIVE YEAR
9 DISPOSITION PLAN OR FIVE YEAR DISPOSITION PLAN REVISION ON THE
10 DEPARTMENT'S WEBSITE TO ENSURE CONFORMITY WITH THE CONCEPTUAL LAND USE
11 PLAN UNDER SUBSECTION A OF THIS SECTION.

12 4. ENSURE THAT EACH FIVE YEAR DISPOSITION PLAN AND FIVE YEAR
13 DISPOSITION PLAN REVISION CONFORMS WITH THE CONCEPTUAL LAND USE PLAN.

14 5. CONSIDER HIRING THIRD-PARTY CONTRACTORS TO PREPARE THE FIVE YEAR
15 DISPOSITION PLAN.

16 6. INCLUDE RESIDENTIAL DEVELOPMENT WITHIN THE SERVICE AREA OF A
17 MUNICIPAL PROVIDER AS DEFINED IN SECTION 45-561.

18 ~~3. Submit each plan and revision to the urban land planning~~
19 ~~oversight committee to ensure conformity with the conceptual plan under~~
20 ~~subsection A.~~

21 7. ISSUE A WRITTEN ORDER THAT APPROVES AND ADOPTS EACH FIVE YEAR
22 DISPOSITION PLAN AND FIVE YEAR DISPOSITION PLAN REVISION. ON APPROVAL OF
23 THE FIVE YEAR DISPOSITION PLAN, THE FIVE YEAR DISPOSITION PLAN SHALL
24 REMAIN EFFECTIVE UNTIL REVISED AS PRESCRIBED BY THIS SECTION.

25 E. THIS SECTION DOES NOT PROHIBIT THE CONVEYANCE OF STATE LANDS
26 THAT ARE NOT IDENTIFIED IN THE FIVE YEAR DISPOSITION PLAN OR CONCEPTUAL
27 LAND USE PLAN.

28 ~~E.~~ F. For the purposes of this section:

29 1. "Conceptual land use plan" means a plan that is developed for
30 urban state trust land and other state trust lands the commissioner
31 considers to be appropriate and that identifies:

32 (a) Appropriate land uses AND RIGHTS-OF-WAY, including commercial,
33 industrial, MINING, FORESTRY, AGRICULTURAL, ENERGY, GRAZING, residential
34 and ~~open space~~ RECREATIONAL uses THAT GENERATE REVENUE.

35 (b) Transportation AND ENERGY corridors and infrastructure
36 requirements.

37 (c) All natural and artificial constraints and opportunities
38 associated with the land.

39 (d) KNOWN AND PROVEN MINERAL RESOURCES, INCLUDING MINERALS, COMMON
40 VARIETY MINERALS AND COMMODITY TYPES AS DEFINED IN SECTION 27-201.01.

41 2. "Five year disposition plan" means a plan that identifies the
42 land projected to be sold, leased, reclassified for conservation purposes,
43 master planned or zoned during the next five years.

1 Sec. 20. Section 37-527, Arizona Revised Statutes, is amended to
2 read:

3 37-527. Trust land management fund

4 A. The trust land management fund is established. The fund
5 consists of FEES COLLECTED PURSUANT TO SECTION 37-107. ~~Up to ten percent~~
6 ~~of the annual proceeds of:~~

7 ~~1. Each beneficiary's trust lands granted to this state by the~~
8 ~~United States.~~

9 ~~2. All sales of timber, mineral, gravel or other natural products~~
10 ~~or property from each beneficiary's trust lands granted to this state by~~
11 ~~the United States.~~

12 ~~B. The commissioner shall determine the percentage of trust land~~
13 ~~proceeds to be deposited in the fund each fiscal year. The percentage~~
14 ~~shall be the same for all beneficiaries. The commissioner shall notify the~~
15 ~~joint legislative budget committee and the governor's office of strategic~~
16 ~~planning and budgeting of the determination on or before September 1 of~~
17 ~~the preceding fiscal year.~~

18 ~~C.~~ B. The monies in the fund:

19 1. Are subject to legislative appropriation. The department may
20 retain an amount of monies from the fund that is sufficient to pay the
21 department's costs for contracting with a qualified third-party reviewer
22 as prescribed in section 37-132, subsection A, paragraph 12.

23 2. Shall be used ~~exclusively~~ to manage trust lands as prescribed by
24 law AND TO PREPARE STATE LANDS FOR SALE OR LEASE AS PRESCRIBED BY LAW.

25 3. MAY BE USED TO AWARD DEPARTMENT-WIDE, PERFORMANCE-BASED
26 INCENTIVES AS PRESCRIBED IN SECTION 38-618. FOR THE PURPOSES OF THIS
27 PARAGRAPH, THE COMMISSIONER MAY ONLY USE MONIES COLLECTED PURSUANT TO
28 SECTION 37-107, SUBSECTION B, PARAGRAPH 1 AND THE COMMISSIONER MAY NOT
29 DIVERT MORE THAN TEN PERCENT OF THE REVENUES COLLECTED PURSUANT TO SECTION
30 37-107, SUBSECTION B, PARAGRAPH 1 IN ANY ONE FISCAL YEAR.

31 D. The commissioner shall administer the fund. On notice from the
32 commissioner, the state treasurer shall invest and divest monies in the
33 fund as provided by section 35-313, and monies earned from investment
34 shall be credited to the fund.

35 E. Monies in the fund are exempt from the provisions of section
36 35-190 relating to lapsing of appropriations, but if the balance in the
37 fund at the end of any fiscal year exceeds two times the budget of the
38 department for the management of trust lands for the next fiscal year, the
39 excess amount shall be credited proportionately to the several permanent
40 funds based on the last fiscal year's deposits.

41 F. This section does not prevent the legislature from appropriating
42 state general fund monies for the purposes described in this section.

43 Sec. 21. Repeal

44 Section 41-3026.05, Arizona Revised Statutes, is repealed.

1 Sec. 22. Title 41, chapter 27, article 2, Arizona Revised Statutes,
2 is amended by adding section 41-3030.19, to read:

3 41-3030.19. State land department; termination July 1, 2030

4 A. THE STATE LAND DEPARTMENT TERMINATES ON JULY 1, 2030.

5 B. TITLE 37, CHAPTERS 1 AND 2 AND THIS SECTION ARE REPEALED ON
6 JANUARY 1, 2031.

7 Sec. 23. Section 44-301, Arizona Revised Statutes, is amended to
8 read:

9 44-301. Definitions

10 In this chapter, unless the context otherwise requires:

11 1. "Airdrop":

12 (a) Means to issue a unit of a digital asset that is distributed in
13 a broad, equipped and nondiscretionary manner based on conditions that are
14 capable of being satisfied by a participant in a blockchain system as
15 incentive-based rewards, including any of the following:

16 (i) To users of a digital asset or any blockchain system to which
17 the digital asset relates.

18 (ii) For activities that are directly related to the operation of
19 the blockchain system, including mining, validating, staking and any other
20 activity that is directly tied to the operation of the blockchain system.

21 (iii) To existing holders of another digital asset in proportion to
22 the total units of the other digital assets that are held by each person.

23 (b) Does not include an exchange of more than a nominal value of
24 cash, property or other assets.

25 2. "Apparent owner" means a person whose name appears on the
26 records of a holder as the person entitled to property held, issued or
27 owing by the holder.

28 3. "Business association" means any corporation, joint stock
29 company, investment company, partnership, limited partnership, registered
30 limited liability partnership, unincorporated association, joint venture,
31 limited liability company, business trust, trust company, land bank, safe
32 deposit company, safekeeping depository, financial organization, insurance
33 company, mutual fund, utility or other business entity, whether for profit
34 or not for profit, that consists of one or more persons.

35 4. "De minimis property" means any account balances of business
36 associations of \$50 or less that is payable to another business
37 association.

38 5. "Department" means the department of revenue.

39 6. "Digital assets" means any of the following that confers
40 economic, proprietary or access rights or powers:

41 (a) Virtual currencies.

42 (b) Cryptocurrencies.

43 (c) Any other digital-only assets.

1 7. "Director" means the director of the department of revenue.

2 8. "Domicile" means the state of incorporation of a corporation and
3 the state of the principal place of business of a holder other than a
4 corporation.

5 9. "Financial organization" means a savings and loan association,
6 building and loan association, savings bank, industrial bank, bank,
7 banking organization or credit union.

8 10. "Holder" means a person who is obligated to hold for the
9 account of or deliver or pay to the owner the property that is subject to
10 this chapter.

11 11. "Insurance company" means an association, corporation or
12 fraternal or mutual benefit society or organization, whether for profit or
13 not for profit, that is engaged in the business of providing life
14 endowments, annuities or insurance, including accident, burial, casualty,
15 credit life, contract performance, dental, disability, fidelity, fire,
16 health, hospitalization, illness, life, malpractice, marine, mortgage,
17 surety, wage protection and workers' compensation insurance.

18 12. "Mineral" means gas, oil, coal, sand, gravel, road material,
19 building stone, chemical raw material, gemstone, fissionable and
20 nonfissionable ores, colloid and other clay, steam and other geothermal
21 resource or any other substance defined as a mineral in sections ~~27-231~~
22 ~~27-201.01~~ and 27-901.

23 13. "Mineral proceeds" means the amounts payable for the
24 extraction, production or sale of minerals or, if those amounts are
25 abandoned, all payments that become payable after the abandonment. Mineral
26 proceeds include amounts payable:

27 (a) For the acquisitions and retention of a mineral lease,
28 including bonuses, royalties, compensatory royalties, shut-in royalties,
29 minimum royalties and delay rentals.

30 (b) For the extraction, production or sale of minerals, including
31 net revenue interest, royalties, overriding royalties, extraction payments
32 and production payments.

33 (c) Under an agreement or option, including a joint operating
34 agreement, unit agreement, pooling agreement and farm out agreement.

35 14. "Money order" includes an express money order and a personal
36 money order on which the remitter is the purchaser. Money order does not
37 include a bank money order or any other instrument that is sold by a
38 financial organization if the seller has obtained the name and address of
39 the payee.

40 15. "Owner" means a person who has a legal or equitable interest in
41 property that is subject to this chapter or the person's legal
42 representative. Owner includes a depositor in the case of a deposit, a
43 beneficiary in the case of a trust other than a deposit in trust and a
44 creditor, claimant or payee in the case of other property.

1 16. "Person" means an individual, business association, financial
2 organization, estate, trust, government, governmental subdivision, agency
3 or instrumentality or any other legal or commercial entity.

4 17. "Property":

5 (a) Means any of the following:

6 (i) Tangible property pursuant to section 44-303.

7 (ii) A fixed and certain interest in intangible property that is
8 held, issued or owed in the course of a holder's business or by a
9 government, governmental subdivision, agency or instrumentality and all
10 income or increments from that property.

11 (iii) Digital assets.

12 ~~(b) Does not include de minimis property, property of a person who~~
13 ~~is maintaining a current business relationship with the holder, monies~~
14 ~~collected pursuant to section 46-441 and property that is referred to or~~
15 ~~evidenced by gift certificates, electronic gift cards, nonrefundable~~
16 ~~tickets, certificates evidencing property denominated in value other than~~
17 ~~a currency, including prepaid phone cards, frequent flyer miles, stored~~
18 ~~value cards and merchandise points.~~

19 (b) Includes property that is referred to as or evidenced by
20 any of the following:

21 (i) Money or any check, draft, deposit, interest or dividend.

22 (ii) Any credit balance, customer's overpayment, security deposit,
23 refund, credit memorandum, unpaid wage, unused ticket, mineral proceeds or
24 unidentified remittance.

25 (iii) Any stock or other evidence of ownership of an interest in a
26 business association or financial organization.

27 (iv) Any bond, debenture, note or other evidence of indebtedness.

28 (v) Money deposited to redeem stocks, bonds, coupons or other
29 securities or to make distributions.

30 (vi) An amount due and payable under the terms of an annuity or
31 insurance policy, including policies that provide life, property,
32 casualty, workers' compensation, health or disability insurance.

33 (vii) An amount distributable from a trust or custodial fund that
34 is established under a plan to provide health, welfare, pension, vacation,
35 severance, retirement, death, stock purchase, profit sharing, employee
36 savings or supplemental unemployment insurance or similar benefits.

37 18. "Record" means information that is inscribed on a tangible
38 medium or that is stored in any electronic or other medium and that is
39 retrievable in a perceivable form.

40 19. "Stake" means committing digital assets to a blockchain network
41 to participate in the blockchain network's operations by validating
42 transactions, proposing and attesting to blocks and securing the network.

43 20. "State" means a state of the United States, the District of
44 Columbia, the Commonwealth of Puerto Rico or any territory or insular
45 possession that is subject to the jurisdiction of the United States.

1 21. "Utility" has the same meaning prescribed in section 40-491.

2 Sec. 24. Joint legislative ad hoc committee on state land
3 oversight; membership; delayed repeal

4 A. The joint legislative ad hoc committee on state land oversight
5 is established.

6 B. The president of the senate and the speaker of the house of
7 representatives shall collaborate to determine the appropriate number of
8 members and to appoint members and cochairpersons of the joint legislative
9 ad hoc committee on state land oversight.

10 C. The senate and the house of representatives shall provide
11 meeting space and staff support as requested by the cochairpersons of the
12 joint legislative ad hoc committee on state land oversight.

13 D. The state land department and the state land commissioner shall
14 do both of the following on request of either of the cochairpersons of the
15 joint legislative ad hoc committee on state land oversight:

16 1. Provide any requested information that is in possession of the
17 state land department.

18 2. Appear and testify during a meeting of the committee.

19 E. This section is repealed from and after December 31, 2026.

20 Sec. 25. Five year disposition plans; conceptual land use
21 plan; requirements; delayed repeal

22 A. Within two years after the effective date of this section, the
23 state land commissioner shall:

24 1. Complete the five year disposition plans for state trust lands
25 and update the conceptual land use plan for state lands pursuant to
26 section 37-331.03, Arizona Revised Statutes, as amended by this act.

27 2. Adopt written policies and procedures for updating:

28 (a) The five year disposition plan every five years.

29 (b) The conceptual land use plan every ten years.

30 3. Adopt written policies and procedures on how the state land
31 department will use the five year disposition plans and the conceptual
32 land use plan for determining whether state trust lands are or will be
33 sent to public auction.

34 4. Provide a copy of the five year disposition plans and the
35 conceptual land use plan and the policies and procedures adopted pursuant
36 to this section to the joint legislative ad hoc committee on state land
37 oversight.

38 Sec. 26. Biosolids study committee; membership; powers and
39 duties; report; delayed repeal

40 A. The biosolids study committee is established consisting of the
41 following members:

42 1. The chairperson of the senate natural resources committee, or
43 the chairperson's designee, who serves as the chairperson of the study
44 committee in even-numbered years.

1 2. The chairperson of the house of representatives natural
2 resources energy and water committee, or the chairperson's designee, who
3 serves as the chairperson of the study committee in odd-numbered years.

4 3. The director of the department of environmental quality or the
5 director's designee.

6 4. The director of the Arizona department of agriculture or the
7 director's designee.

8 5. The state land commissioner or the commissioner's designee.

9 6. The chairperson of the Yuma county board of supervisors or the
10 chairperson's designee.

11 B. The study committee shall review the use of biosolids for
12 agricultural and other uses in this state, including on state trust lands,
13 and shall evaluate the policy of accepting biosolids from other states.

14 C. The study committee may hold hearings, conduct fact-finding
15 tours, request data from any political subdivision of this state and take
16 testimony from witnesses who may assist the study committee in fulfilling
17 the study committee's responsibilities. All hearings held by the study
18 committee shall be open to the public.

19 D. The legislature, the state land department, the department of
20 environmental quality and the Arizona department of agriculture shall
21 provide meeting space, staff and support services to the study committee.

22 E. Study committee members are not eligible to receive compensation
23 but are eligible for reimbursement of expenses pursuant to title 38,
24 chapter 4, article 2, Arizona Revised Statutes.

25 F. On or before December 31, 2028, the study committee shall submit
26 a report of its findings and recommendations for rule changes or
27 legislative changes that the committee determines necessary to the
28 governor, the president of the senate and the speaker of the house of
29 representatives and shall provide a copy of this report to the secretary
30 of state.

31 G. This section is repealed from and after June 30, 2029.

32 Sec. 27. Legislative findings

33 The legislature finds that:

34 1. According to the auditor general's performance audit and sunset
35 review of the state land department completed on July 9, 2025, the state
36 land department has failed to develop the statutorily required five year
37 disposition plans since 2016.

38 2. According to the auditor general's performance audit and sunset
39 review, all five members of the urban land planning oversight committee
40 have been vacant since at least 2018.

41 3. Pursuant to section 37-331.02, Arizona Revised Statutes, and
42 section 37-331.03, Arizona Revised Statutes, as amended by this act, the
43 urban land planning oversight committee serves in an advisory role only
44 and is not required for the commissioner to fulfill the commissioner's
45 obligations to create a five year disposition plan pursuant to statute.

1 4. The fact that the governor has not appointed any members to the
2 urban land planning oversight committee has not absolved the commissioner
3 of the commissioner's obligations to create a five year disposition plan
4 as prescribed in section 37-331.03, Arizona Revised Statutes, as amended
5 by this act.

6 5. The creation of a five year disposition plan is necessary for
7 housing affordability and to ensure the highest and best use of the land
8 for the beneficiaries of the trust.

9 6. Minerals and common variety minerals exist where they are.

10 7. Minerals and common variety minerals are needed for all forms of
11 commercial development on state trust lands, including affordable housing
12 and semiconductor fabrication.

13 8. Development that occurs over state trust lands that contain
14 minerals permanently locks away those minerals, preventing the minerals
15 from being extracted and permanently foreclosing their revenues from
16 accruing to the trust.

17 9. Mineral extraction is subject to reclamation plans that restore
18 the land to usable condition, and this makes the land usable for other
19 commercial uses when mining is completed.

20 10. While the legislature has granted discretionary authority to
21 the state land commissioner, the legislature intends that the state land
22 department's processes and procedures are transparent and consistent with
23 the manner that the legislature has prescribed for the disposition and
24 management of state trust lands.

25 11. This act is necessary to ensure the best interest of the state
26 land trust, the state land beneficiaries and this state.

27 Sec. 28. Purpose

28 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,
29 the legislature continues the state land department to have charge of and
30 control over all lands owned by this state, except lands under the
31 specific use and control of state institutions, and the resources in and
32 on those lands and to regulate the use of and access to those lands and
33 resources as prescribed by the enabling act, the Constitution of Arizona
34 and state law and to perform such other functions in compliance with and
35 as prescribed by law.

36 Sec. 29. Retroactivity

37 Section 41-3026.05, Arizona Revised Statutes, as repealed by this
38 act, and section 41-3030.19, Arizona Revised Statutes, as added by this
39 act, apply retroactively to from and after July 1, 2026.