

# Arizona's State Trust Land

**Vanessa Hickman, State Land Commissioner**  
**Kim Morey, Deputy State Land Commissioner**

# MISSION

**To manage State Trust lands and resources to enhance value and optimize economic return for the Trust beneficiaries that:**

- **Is consistent with sound stewardship, conservation, and business management**
- **Supports socioeconomic goals for citizens today and for generations to come**



# HISTORICAL OVERVIEW

- **The Arizona State Land Code established the Land Department in 1915 to manage Trust lands**
- **A Township refers to square unit of land that is 6 miles on a side. Each 36 square mile township is divided into 36 one-square mile sections**
- **A Section is one square mile containing 640 acres**

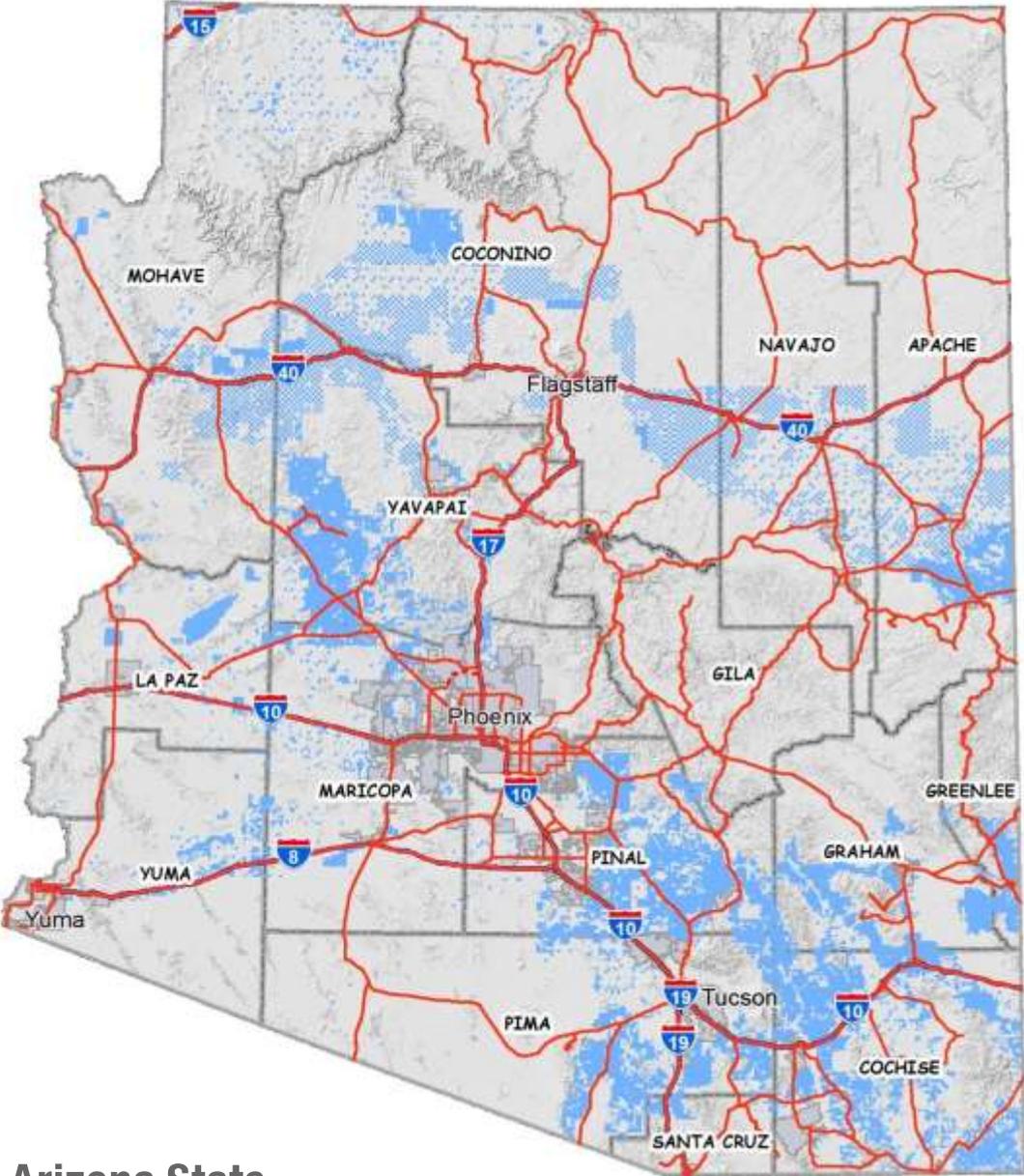
# HISTORICAL

## OVERVIEW

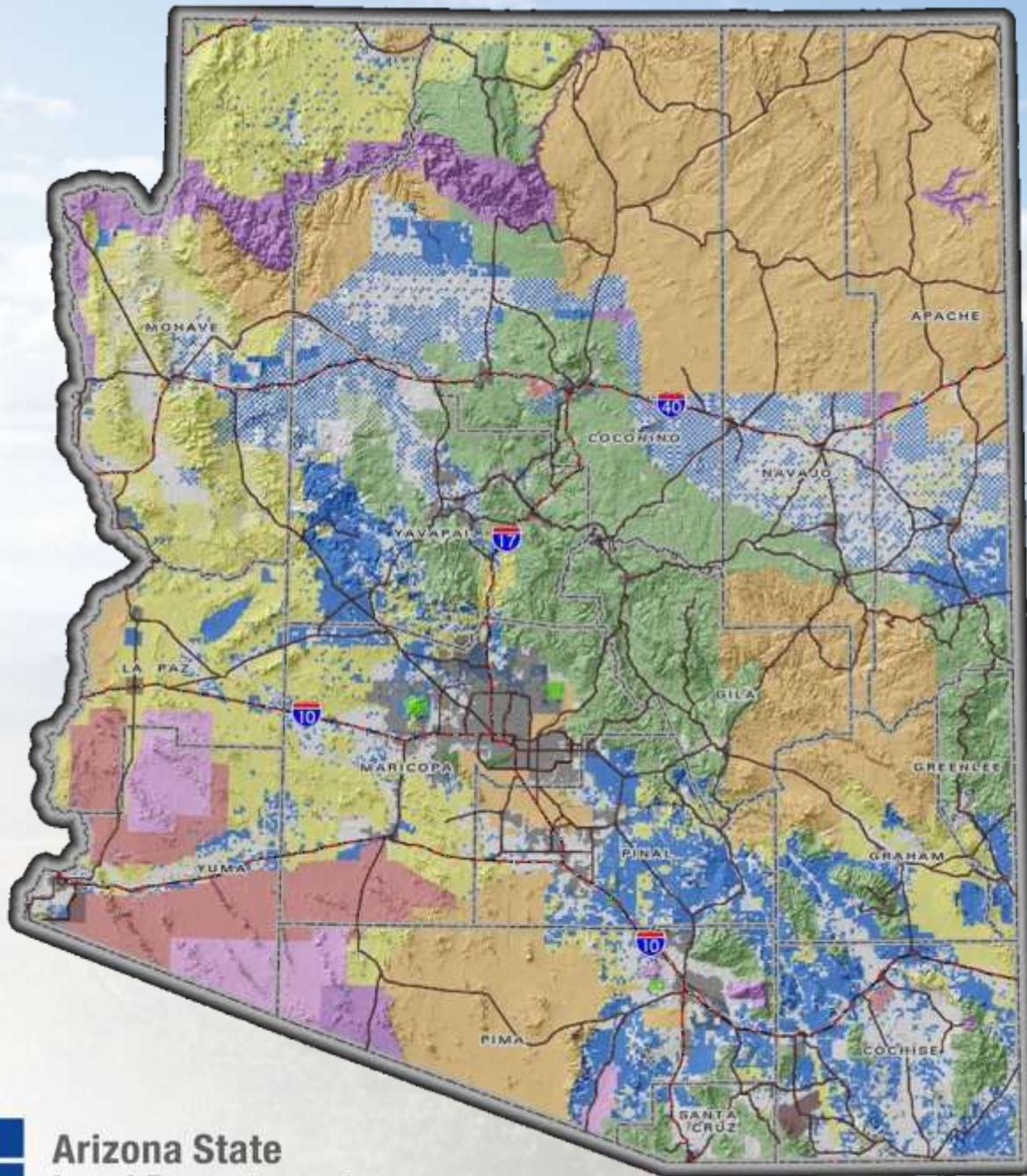
- Territory of Arizona established by an act of Congress on February 24, 1863
  - This act reserved sections 16 and 36 in each township for the benefit of the common schools
- The Enabling Act of 1910 allowed the Territory of Arizona to prepare for statehood
  - This act assigned the additional sections of 2 and 32 of each township to be held in trust for the common schools
  - Granted 2,350,000 acres for other beneficiaries
  - “Indemnity” lands to be selected where those lands already “have been sold, reserved, or otherwise appropriated or reserved.”
  - “In lieu” lands granted for the other beneficiary purposes in quantity – 50,000 to 1 million acres per purpose. Specific lands also to be selected.

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

# STATE TRUST LAND IN ARIZONA



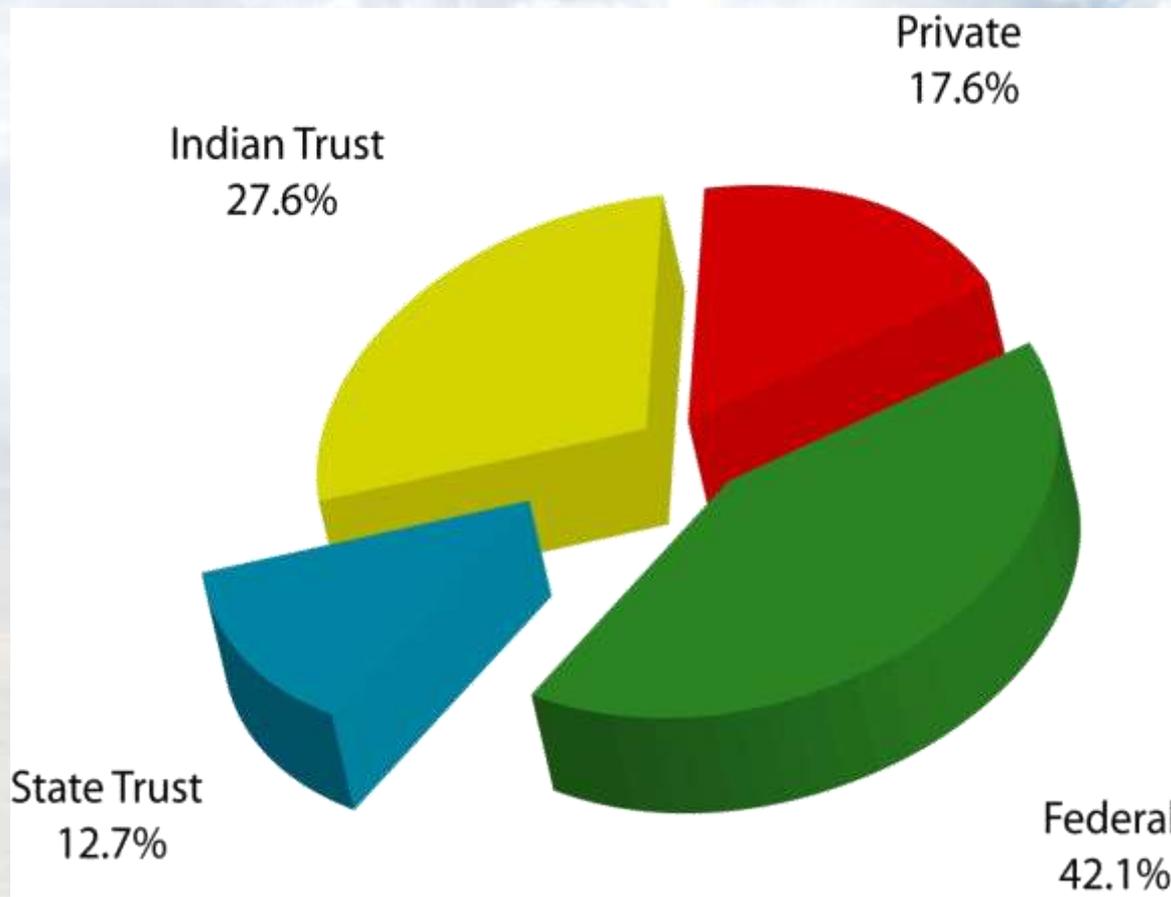
State Trust Land



# STATE OF ARIZONA

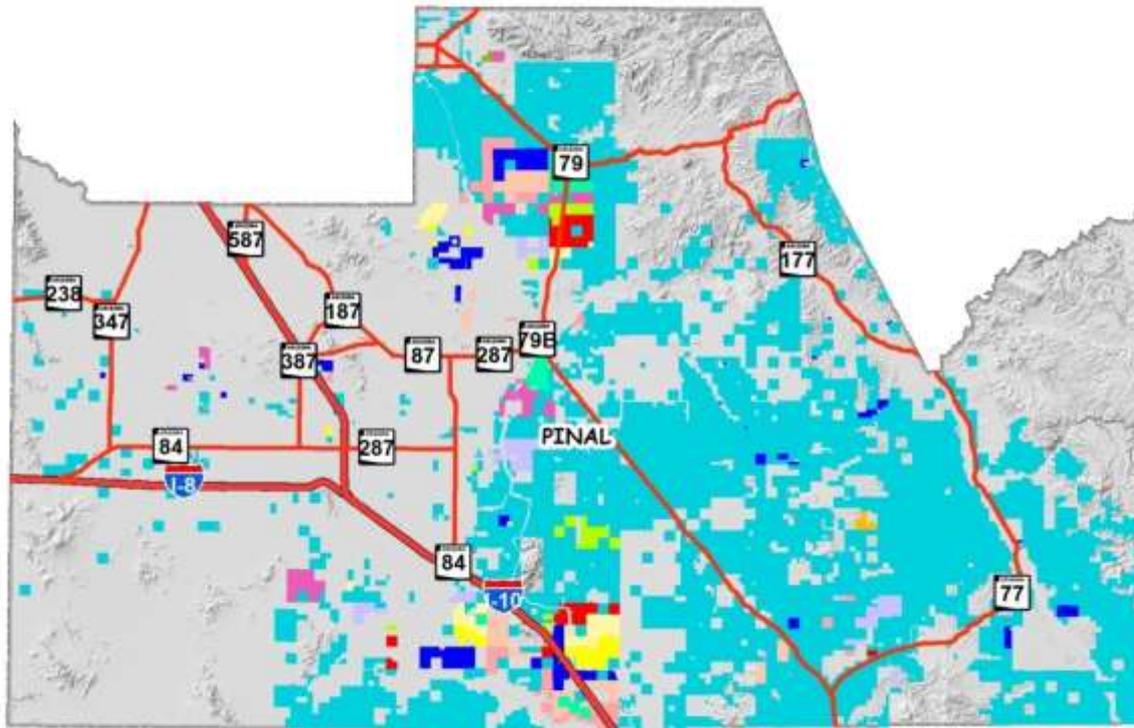
# LAND OWNERSHIP IN ARIZONA

Arizona is the 5<sup>th</sup> largest state with about 72,931,000 acres.



# EACH ACRE HAS A BENEFICIARY

13 Beneficiaries - 16 Grants



## State Trust Lands In Arizona By Beneficiary - Pinal County

- Common School (K-12) and County Bonds
- U of A 1881
- University
- Normal Schools
- Ag and Mech Colleges
- School of Mines
- Military Institute
- State Charitable, Penal, and Reformatory
- Miners' Hospital
- Penitentiary
- Legislative, Executive, and Judicial Buildings
- State Hospital
- School of Deaf / Blind

# OUR BENEFICIARIES

<u>Grant</u>	<u>Acres<sup>1</sup></u>	<u>Acres as of FY 2010</u>
Common Schools (K-12) and County Bonds	9,400,000	8,09,064
U of A 1881	60,000	54,101
University	200,000	137,909
Normal Schools	200,000	174,798
A&M Colleges	150,000	124,944
School of Mines	150,000	123,254
Military Institute	100,000	80,168
State Charitable, Penal, and Reformatory	200,000	77,229
Miners' Hospital	100,000	95,429
Penitentiary	100,000	76,111
Legislative, Executive & Judicial Buildings	100,000	64,257
State Hospital	100,000	71,248
School for the Deaf & Blind	<u>100,000</u>	<u>82,560</u>
<b>Total</b>	<b>10,960,000</b>	<b>9,258,071</b>

<sup>1</sup> Acres as stated in the legislation. Actual acres may be different due to the selection method.

# ENABLING ACT & CONSTITUTIONAL RESTRICTIONS

- **DECLARED THAT ALL LANDS GRANTED SHALL BE HELD IN TRUST**
- **ALL NATURAL PRODUCTS AND MONEY PROCEEDS OF THE LANDS SHALL BE SUBJECT TO THE SAME TRUSTS AS THE LANDS PRODUCING THE SAME**
- **EVERY CONVEYANCE OR USE, NOT IN SUBSTANTIAL CONFORMITY WITH THE PROVISIONS OF THE ENABLING ACT SHALL BE NULL AND VOID.**
- **ALL LANDS ARE TO BE APPRAISED AT FAIR MARKET VALUE AND CANNOT BE DISPOSED FOR LESS THAN THAT AMOUNT**
- **LAND SALES OR LEASES IN EXCESS OF TEN YEARS MUST BE ADVERTISED FOR TEN WEEKS**
- **AFTER ADVERTISING, THE SALE OR LONG-TERM LEASE IS AWARDED THROUGH PUBLIC AUCTION TO THE HIGHEST AND BEST BIDDER**
- **TRUST LANDS CANNOT BE MORTGAGED OR ENCUMBERED IN ANY WAY**

# Exceptions to the Auction Requirement

## Leases for a term less than 10 years

- Enabling Act sect. 28; A.R.S. sects. 37-281, 37-281.01

## Rights of way for a term 50 years or less.

- A.R.S. sect. 37-461(C)

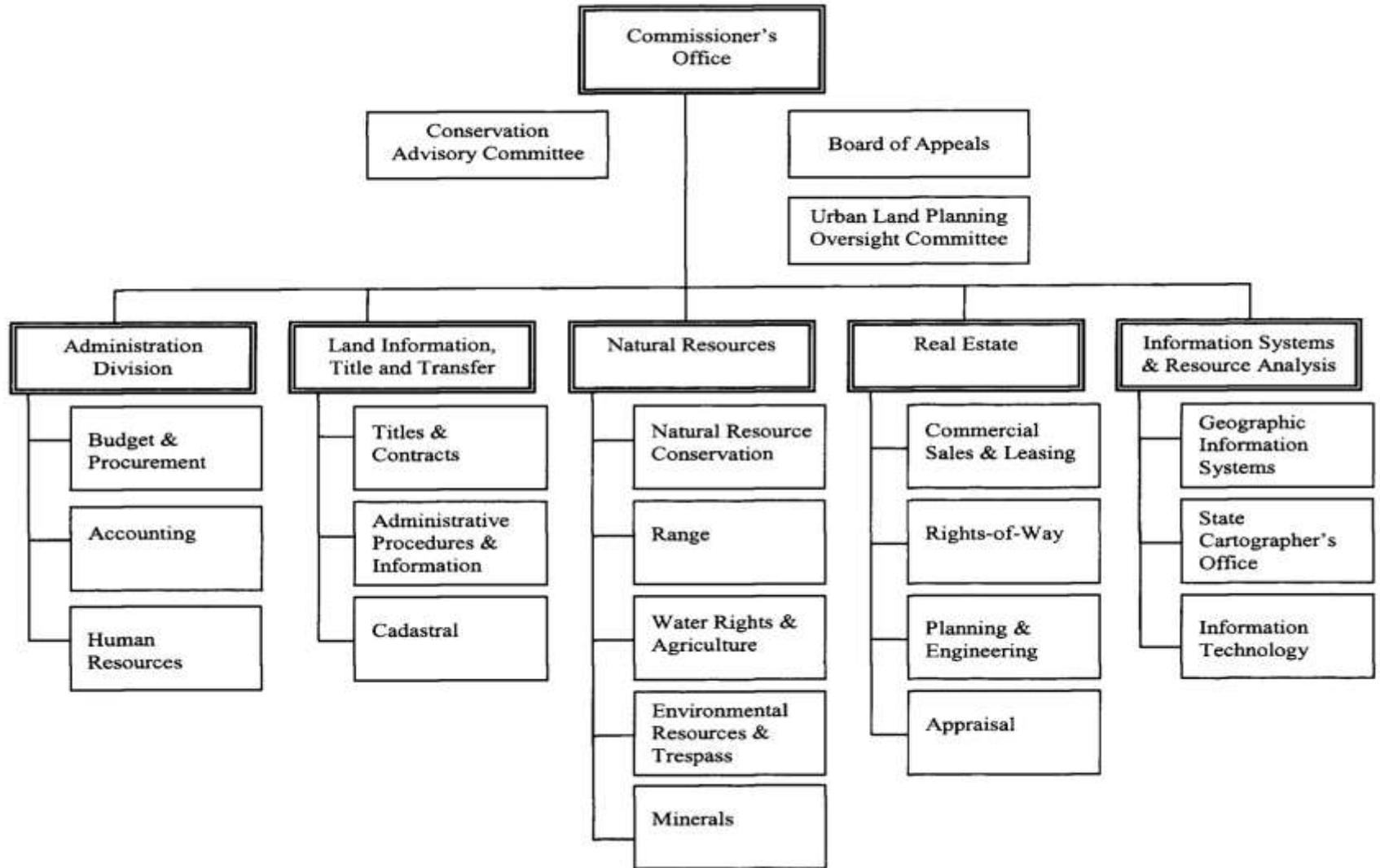
## Rights of way for transportation purposes to governmental entities.

- *Lassen v. Arizona ex rel. Ariz. Highway Dept.*, 385 U.S. 458 (1967). A.R.S. sect. 37-461 (B).

# FIDUCIARY DUTIES

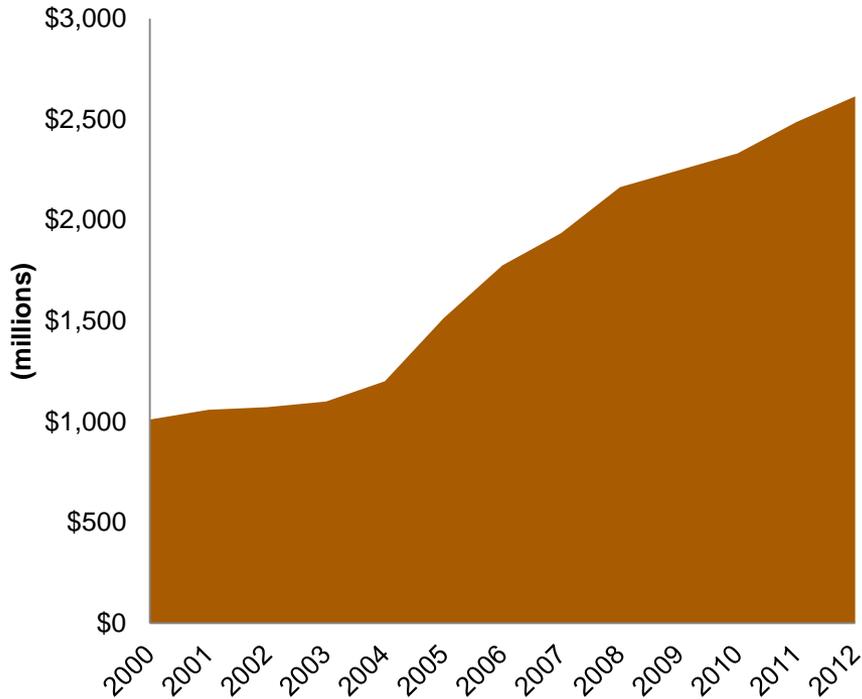
- **Earning money for the Trust's beneficiaries, primarily Arizona's public schools, is the central mission of the Trust's management**
- **Two types of revenue:**
  - **Permanent – Revenue earned from the sale of State Trust land or assets such as minerals or other natural products. This revenue is deposited into the appropriate beneficiary's Permanent Fund, which is administered by the State Treasurer**
  - **Expendable – Revenue from leases, permits, interest from sales contracts, and other revenue from the non-permanent disposition of Trust assets. This revenue along with the Treasurer's formula distribution from the Permanent Funds is distributed directly to the beneficiaries**

# ORGANIZATIONAL CHART

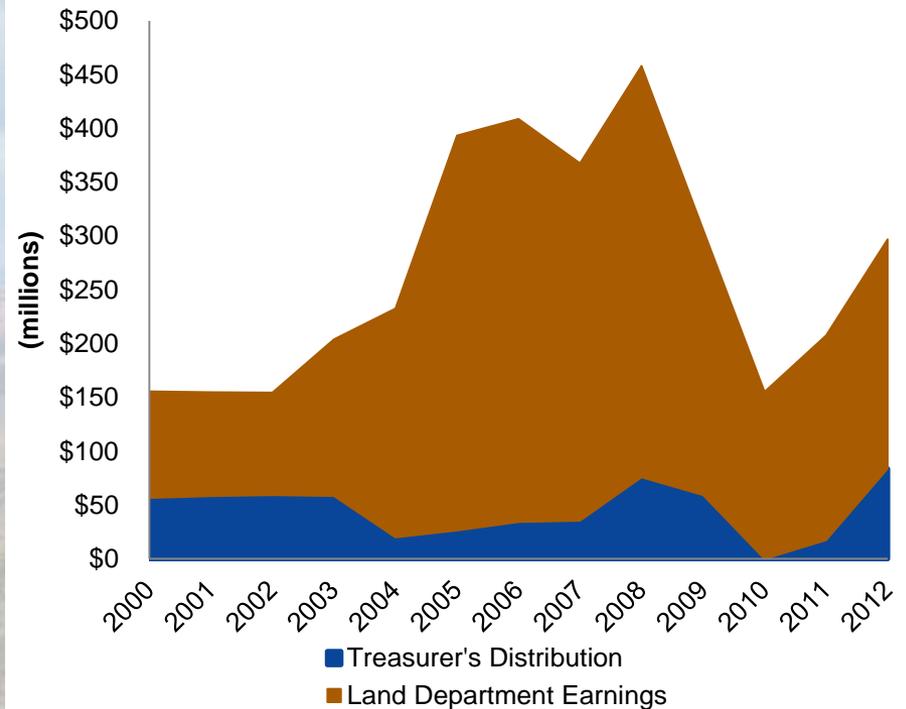


# PERMANENT VS. EXPENDABLE FUND

## Permanent Fund Balance FY 2000-2012



## Total Trust Revenue FY 2000-2012



# REVENUE BREAKDOWN BY CATEGORY: FY 2012

- Natural Resources

- Minerals: \$24,505,310
- Ag: \$4,479,978
- Grazing: \$2,458,350

- Real Estate

- Sales: \$119,883,443
- Leases: \$25,832,139

- Rights of Way

\$7,845,182

# FY 2012 BUDGET & RECEIPTS

## Operating Expenditures

\$ 9,881,599 TLMF/RISK  
1,749,919 TLMF/Fees  
370,778 General Fund  
\$12,002,296 Total

## Receipts

\$ 47,113,467 Expendable  
54,964 Commercial Prepayment  
0 School Leases  
155,913 General Fund  
3,973,475 TLMF  
161,920,982 Permanent  
\$213,218,800 Total Receipts

# TRUST LAND USES

- **Residential** – Land Sales – Residential land is sold, often a participation component is included in the land sale
- **Commercial** – Land Lease – Leases can have terms of up to 99 years. If the term is more than 10 years, it has to go to auction
- **Rights of Way** – Utilities, roads, or other uses that cross State Trust land require a right-of-way
- **Permits** – All other commercial uses of State Trust land require a permit, this includes uses such as placing a cell tower, advertisement, and recreational uses



# TRUST LAND USES



- **Grazing** – Land Lease – Most State Trust land (8.4 million acres) is leased for grazing
- **Agriculture** – Land Lease – About 200,000 acres are leased for agriculture use
- **Mineral** – Extractors of minerals must lease the land and pay royalties for any material extracted
- **Recreational Permits** – Hiking, camping, and other non-consumptive recreational uses require a recreation permit



# STATE LAND PROCESSES FOR PURCHASES, LEASES, OR ROW

## 1. APPLICATION

## 2. DUE DILIGENCE (ARCHAEOLOGY, ENVIRONMENTAL – NOT EIS)

## 3. APPRAISAL



# RENEWABLE ENERGY



# Solar Renewable Success

- **Solar Lease with APS**
  - 35 MW
  - 35 year lease
  - Return of over 10 million to the Trust
- **AVSE11 Solar Lease**
  - 24 MW on State Trust Land
  - 35 year lease
  - Return of over 4 million to the Trust

# Wind Renewable Success

- **Dry Lake I - Snowflake, 66MW total, Minimum rent for 50 year term \$4,400,000**
- **Dry Lake II - Snowflake, 66MW total, Minimum rent for 50 year term \$5,700,000**
- **Perrin Ranch Wind LLC - Williams, 99MW total, Minimum rent for 50 year term is \$15,300,000**

# Rights of Way



# TOPICS:

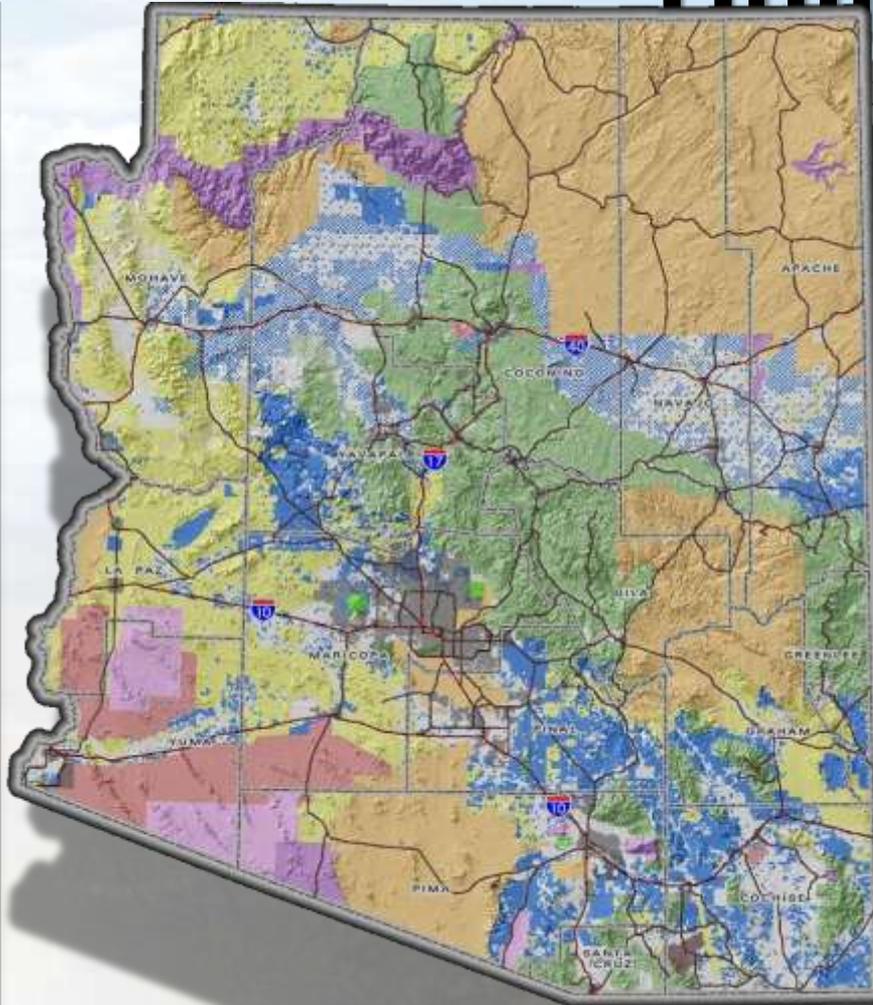
- 1. Roads, infrastructure and utilities.**
- 2. Pre-Application Process**
- 3. Application Process**
- 4. Supporting Documentation**

# Roads, Infrastructure & Utilities

When is the right time to contact the Land Department?

The State Trust is a landowner, not a regulatory agency.

What does the Land Department look for in the early planning stages?



# Roads, Infrastructure & Utilities

- **Planning**

- The section line myth
- Local jurisdiction/Land Department plans
- Impact to land values

- **Engineering**

- Drainage

- **Environmental**

- EIS or EAs (if new construction)
- 404 Permit
  - Jurisdictional Delineation
- Archaeological Survey

# Pre-Application Process

- **Title Research**
- **Forms**
- **Preliminary Application Process**

# Pre-Application Process

## Title Research

- All Land Department (ASLD) records are kept by Section, Township, Range.
- The Land Department is its own recorder (i.e. recorder of record).
- The Land Department does not record its lease documents in the 15 Arizona counties.
- Things to look out for:
  - Active leases
  - Improvements
  - Existing rights of way
- To review records contact the Public Records counter at:  
1616 W. Adams Street, 1<sup>st</sup> Floor  
Phoenix, AZ 85007  
602.542.4631  
[inquiry@azland.gov](mailto:inquiry@azland.gov)

# Pre-Application Process Forms

Commonly used forms can be found on the Land Department's web site

<http://www.land.state.az.us/programs/operations/applications.htm>

**ALL QUESTIONS MUST BE ANSWERED**

**Incomplete answers on forms WILL cause a delay in processing**

- APPLICATION ADDENDUM
- APPLICATION FOR RIGHT OF WAY (Coming Soon!)
- SUPPLEMENTAL FORMS

# Pre-Application Process

## Preliminary Application Conference

- Completed Application Addendum and associated forms are submitted to the Land Department staff for review prior to scheduling a preliminary application conference.
- Bring:
  - Completed applications, supplemental and addendum forms
  - Map(s)
    - Alignment
    - Surface ownership
    - Section, Township, Range
    - Topography
  - Copies of approvals or applications submitted to other municipal, state and federal agencies
    - Conditional Use Permits (CUPs)
    - Arizona Department of Environmental Quality
    - Rights of Way

# Application Process

1. **Submit application** to Public Records counter, where number is assigned
2. Public Records sends application to Cashier to apply application fee
3. Public Records enters application into OASIS
4. Title & Contracts receives application, and reviews for completeness
5. Title & Contracts requests Tract Book Legal from Cadastral, and sends a **“Notification Letter”** to ASLD Lessees
6. Title & Contracts forwards application to ROW Section Manager
7. ROW Section Manager assigns application to Administrator
8. Administrator reviews application, and contacts Applicant with questions or if additional information is required
9. Administrator mails Applicant appraisal pre-payment letter (37-107.D)
10. Administrator sends application out for **30-Days Comments** within the Land Department (e.g. Engineering, Planning, **Archaeology**) and to outside agencies (e.g. local jurisdiction, ADOT, ADEQ)

# Application Process

11. Administrator notifies Applicant of any questions or concerns received from Comments. Administrator waits for concerns to be addressed.
12. Administrator conducts **field inspection**.
13. Administrator informs Applicant of concerns found during field inspection. Administrator waits for concerns to be addressed.
14. Administrator forwards application to Appraisal Section (w/ final legal description)
15. **Appraisal** Section reviews application. Internal report or contract out?
16. Appraisal Section reviews report. Accepts appraisal or returns for changes.
17. Appraisal Section forwards application to ROW Section Manager.
18. ROW Section Manager logs application back to ROW Section and forwards to Administrator
19. Administrator inserts value into rent calculation formula (Right of Way fee).
20. Administrator makes a recommendation to Commissioner (i.e. approve or deny).

# Application Process

21. If approved by Commissioner
  - 10 years or less: Administrator forwards application to Title & Contracts for finalization
  - Over 10 years: Administrator continues with application process
22. If over 10 years, Administrator sends **“Notice of Appraisal”** to Applicant
23. Administrator makes a recommendation for approval to the **Board of Appeals.**
24. If application is approved at the Board of Appeals
  - 50 years or less, no auction required: Administrator forwards application to Title & Contracts for finalization
  - Over 50 years, auction required: Administrator continues with application process
25. Administrator prepares file for auction and processes to **auction**
26. ROW Auction Team verifies advertising fee money has been paid, drafts advertisement and auction notice, sends out to publication for 10 weeks in two newspapers, and holds auction
27. After a successful auction has been conducted, ROW. Auction Team processes application to Accounting and to Title & Contracts for finalization

# Supporting Documentation

MAY include but is not limited to:

- Legal Description Standards
- Appraisal
- Archaeology
- Native Plants

Link to Native Plant Survey information page

<http://www.land.state.az.us/programs/natural/nativePlantSurveys.htm>

Link to Native Plant Survey protocol

<http://www.land.state.az.us/programs/natural/pdfs/plantSurveyProtocol.pdf>

# Supporting Documentation (Continued)

- **GIS Shape files**
- **Drainage Report**
- **Environmental Assessment Report**
- **Infrastructure Analysis Report**
- **Geotechnical Report**

# Questions

?

# CONTACT INFORMATION

## Arizona State Land Department

1616 W. Adams St.

Phoenix, AZ 85007

[www.land.state.az.us](http://www.land.state.az.us)

---

## Rights of Way Section

Main: (602) 542-4098 ♦ Fax: (602) 542-2720

**Ruben Ojeda, Section Manager**

Direct: (602) 542-4268

[ROjeda@azland.gov](mailto:ROjeda@azland.gov)