

BALLOT PROPOSITION #103
Conserving Arizona's Land and Water

Publicity Pamphlet Fiscal Impact Summary

State law requires the Joint Legislative Budget Committee (JLBC) Staff to prepare a summary of the fiscal impact of certain ballot measures. Proposition 103 contains provisions that may increase future revenues to state trust land beneficiaries and other provisions that may reduce revenues that otherwise may have been received by these beneficiaries. The proposition allows an unspecified percentage of the revenues received from trust land rentals, interest or installment sales to be used to enhance, maintain or protect state trust land or the revenues derived from its rental or sale. Any monies used under this provision would have otherwise been invested for or distributed directly to the beneficiaries. This additional funding may permit the state to prepare trust land for sale or lease more quickly, which may accelerate revenues to beneficiaries and the Permanent Fund. The value of land generally appreciates over time. If state trust land is sold earlier, the longer term fiscal impact may depend in part on the rate of investment returns of the accelerated revenue compared to the sale price at a later date.

The proposition would designate certain parcels of state trust land as permanent conservation lands, restricted against development. These lands could be sold to state agencies, counties, cities or towns for their true values without advertising or auction. Since auctions can produce returns higher than the appraised value, eliminating the auction requirement in some instances may result in a reduction in the returns realized from lands sold without auctions.

Designating these lands as conservation lands may affect their monetary and non-monetary value. The designation may also affect the values of surrounding lands. It is difficult to predict in advance how the proposition will affect the sales prices of those lands, which would in turn affect the revenues available to the beneficiaries.