

BALLOT PROPOSITION # 100

State Trust Land Exchanges

FISCAL ANALYSIS

Description

Proposition 100 makes Constitutional changes to allow the State Land Department to exchange state trust lands for publicly owned lands under certain conditions.

Estimated Impact

Proposition 100 is projected to increase the state's land trust revenues. The level of additional revenue will depend on the number of land exchanges and the appraised value of the exchanged land. An exchange will only occur if it is projected to result in a future increase in trust income. Trust income is distributed to a number of state agencies. K-12 schools receive approximately 90 percent of all disbursements.

Proposition 100 may also result in higher spending if the State Land Department requires more staff to analyze the land exchanges. The State Land Department estimates that the new land exchange provisions could result in additional state spending of between \$250,000 to \$300,000 for appraisal and exchange analysis costs. This administrative cost would be subject to legislative appropriation.

The proposition would also allow an exchange that assists in preserving military airports in Arizona. If land exchanges permit continued operation of military airports, this would prevent loss of revenue associated with a base closure.

Analysis

State trust land is intended to produce revenue through the sale or lease of land, rights of way and other associated resources. Monies collected through sales are deposited for investment on behalf of specific beneficiaries. Returns from these investments, as well as lease and certain other revenues, are distributed annually to the beneficiaries.

Proposition 100 would amend the State Constitution to allow the exchange of state trust land for publicly owned lands to conserve open space or to assist in preserving military airports in this state. The newly acquired land would be required to be of the same or greater value than the state trust lands given in the exchange, as verified by 2 independent appraisals. An analysis of the exchange would also be required, which shows a net increase in projected trust income, the fiscal impacts on local governments, the natural resource, physical, and economic impacts on surrounding communities, and the impacts on local land use plans.

There would be future additional revenue earnings for state trust beneficiaries for exchanges occurring due to the new authority, since a net increase in projected income would need to be demonstrated prior to any exchange. However, this increase in trust earnings is unknown, and would not occur without first spending monies on the analyses required prior to the exchange.

Due to the discretionary nature of this new authority, there is no mandate that any exchanges take place. Should future land exchanges be pursued as a result of this newly added constitutional authority, the Land Department could incur costs to conduct the mandatory analyses. They estimate their potential General Fund cost to be \$250,000 to \$300,000. Any administrative funding would be subject to legislative appropriation.

If land exchanges permit continued operation of military airports, this would prevent loss of revenue associated with a base closure.

Local Government Impact

The local government impact would depend on the specific land exchanges. As with state government, the impact cannot be determined in advance.

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This estimate was prepared by Eric Jorgensen (602-542-8960).