



ARIZONA WILDLIFE FEDERATION

644 N. Country Club Drive, Suite E
Mesa, Arizona 85201

June 8, 2004

Honorable Leah Landrum Taylor
House of Representatives
1700 W. Washington, Room 322
Phoenix, Arizona 85007-2890

RE: State Trust Land Reform Proposal

Dear Representative Taylor

As you are surely aware, members of the legislature are likely to be asked in late June for a special session to consider a proposal to "reform" the management of State Trust Lands, hereinafter referred to as the "Proposal." The Arizona Wildlife Federation urges you to oppose both the special session and the Proposal. We do so because after reviewing the Proposal and having received a briefing by its supporters, we determined that it is not in the best interests of Arizona or its public education. If enacted it will likely be the Alternative Fuels of State Trust Lands.

The Proposal is being promoted as an agreement among diverse parties that it (1) is in the best interests of education and Arizona, (2) is not complex, and (3) has little opposition. None of these claims tell the entire story. For example, while there is a diverse group supporting the Proposal, they are not doing so for altruistic purposes. Each group supports the Proposal because they stand to gain economically or otherwise from the Proposal. Attached hereto as Exhibit A is a brief statement as to how each group stands to benefit from the Proposal. On the other hand, there are at least 22 organizations that oppose the Proposal who stand to gain nothing from its defeat, other than better government.

The Proposal is not in the best interests of the State of Arizona or its public education because (1) it will cost education billions of dollars in lost revenues; (2) all the alleged financial benefits of more planning could be obtained without the need to enact the Proposal; (3) it will promote the degradation of 8.3 million acres of land through its grazing provisions; (4) it will remove the vast majority of the State Land Department's budget from legislative oversight and appropriation; (5) it will turn control of the State Trust Department to the education controlled Board of Trustees; (6) there is no proof that increased "planning" will increase the value received for trust lands above that which otherwise would have been received (no studies have been completed and it is unclear if any have even been started); (7) it will promote the premature sale/lease of trust lands which will result in considerably less revenue to the

We know that some of the education supporters have convinced educators that "education" will get a great deal of extra money as soon as this Proposal becomes law. This simply is not correct. The planning process can never increase the value of the remaining lands to recoup the losses from the Conservation Lands. Attached hereto as Exhibit B is some information on the value of the Conservation Lands.

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If the Proposal's planning process is supposed to be so good that it will increase the value of the remaining Trust Lands enough to recover the billions lost on the Conservation Lands, then why not just adopt the planning process into law and forget about the rest of the Proposal? Doing so would give education the billions that it would otherwise lose from the Conservation Lands, as well as any increase in value on both the Conservation Lands and the remaining lands. Thus, education would then have it all.

Two last points. You should be aware that despite the claims of supporters that general funds will be freed up by the 15% fund that is created to pay for the management, planning or disposition of trust lands, the fact is the Proposal states that the legislature will have to continue to fund everything through fiscal year 2015-2016. You should also be aware that there is nothing in the Proposal that will allow the legislature to have a voice in how that 15% fund is spent.

If you would like further information or would like to discuss the Proposal in more detail, please contact Jack H. Simon at 480-644-0077 or 480-835-0055. We hope that this letter gives you information that will help you in deciding your position on the Proposal. We also hope that you will oppose the Proposal and the special session.

Sincerely yours,

Mary Jo Miller
President

Attachments

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Established 1923 as The Arizona Game Protective Association • State Affiliate of the National Wildlife Federation, Washington, D C

EXHIBIT A

HOW THE SUPPORTERS BENEFIT FROM THE PROPOSAL

The utilities gain the opportunity to obtain easements without paying for them (see Article X, Section 4(C)(1) of the Constitution and A.R.S. 37-461(B)), thus they may save untold millions of dollars in the future. The ranchers gain leases that prohibit advertising, auction or competitive bidding, that are self-governing and self-reporting, with the Land Department inspecting the land only once every five years (A.R.S. 37-281.01 and 281.02); 25-year leases that cannot be canceled upon reclassification of the land (A.R.S. 37-212, 290 and 281.02); and compensation for grazing leases that are cancelled because the land is transferred for conservation purposes (A.R.S. 37-336.06). See also Article X, Section 3(2) and (3) of the Constitution.

The Land Trusts, Nature Conservancy, and Sonoran Institute gain the preservation of some land without having to pay anything for it (the Conservation Lands). The developers get the certainty regarding the lands that will be available to purchase and develop; the benefit of all the planning the Land Department will be required to perform, for example conceptual plans, disposition plans and development plans (A.R.S. 37-331, 331.01, 331.05 and 331.06); the ability of State Trust Lands to be included in improvement and community facilities districts, and construction of infrastructure on Trust Lands would be allowed (A.R.S.37-331.07, 331.08, 331.09, and Article 10, Section 12 of the Constitution); and the hope to pay less for the land by having the land sold prior to its prime time and by having the Land Department participate in the development of the land.

While education loses billions of dollars for the Conservation Lands given up, and also will lose money due to the lack of competition for grazing leases and free utility easements, it does gain control over the sale and lease of Trust Lands and the management of the Land Department through the creation of the Board of Trustees, of which 4 of the 7 members of the Board must have substantial connections to education (A.R.S. 37-131 – 133 and Article 10, Section 1 of the Constitution).

EXHIBIT B

VALUE OF THE CONSERVATION LANDS THAT WILL BE LOST

As an example of the potential revenue that education could lose from the Conservation Lands set aside, just look at the sales of Trust Lands that have taken place in the Valley within the last couple of years. In the Land Department's 2003 Report, the lowest price paid was over \$96,000 per acre, with the highest being over \$491,000 per acre. A 99-year lease of a 25-acre site will bring in \$288,300,000 over the life of the lease (\$2,912,121 per year). The four 2004 sales listed on the Land Department's home page obtained prices per acre of \$153,732; \$260,763; \$359,095 and \$780,500 for a total of \$238,000,000 for just 871 acres. It is easy to see that Trust Lands in Maricopa County are extremely valuable.

Using the figures most often cited by the supporters, there would be about 30,000 acres of Conservation Lands in Maricopa County and 300,000 statewide. If each acre in Maricopa County were worth the average of the four 2004 sales, the loss to education would be **8.179 billion dollars**. If each Maricopa County acre was valued at only \$100,000, education would lose **3 billion dollars**; at \$200,000 per acre, it would lose **6 billion dollars**. If the rest of the land averaged only \$5,000 per acre, that would be another **1.35 billion dollars**; at \$10,000 it would lose an additional **2.75 billion dollars**.

The Proposal will clearly cost education billions of dollars. We believe that the claim that the loss will be made up by an increase in the value of the remaining lands is nothing more than wishful thinking unsupported by facts. How can planning under the Proposal versus existing planning increase the value of the remaining lands by the billions of dollars that will be lost from the Conservation Lands? To say so is to make the nonsensical claim that the "new" planning would alone cause land comparable to the parcel that sold for \$780,050 per acre to sell for \$1,560,100 per acre.

It seems that without a study or analysis as to the value of the Conservation Lands and how much could be recouped through increased value due solely to the planning process, a person would be supporting the Proposal on blind faith alone without any knowledge as to how much revenue was being given up by the transfer of the Conservation Lands and without knowing how much, if any, of that money could ever be recovered. It also seems that is something that one should never do.