



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR S.B. 1216

treasurer; investment of trust funds.

Purpose

Removes statutory references to the loaning and sale of permanent land endowment trust fund (permanent endowment fund) monies by municipal and county treasurers.

Background

The Arizona Constitution requires all state lands expressly transferred to the state by the federal government in the Enabling Act and all lands acquired by the state to be held in trust for specified beneficiaries ([Ariz. Const. art. 10 § 1](#)). The Permanent Land Endowment Trust Fund (PLETF) is comprised of monies derived from state trust lands and invested by the State Treasurer in safe interest-bearing securities and prudent equity-securities. The State Board of Investment (BOI) serves as trustee of the PLETF. The State Treasurer manages a separate permanent endowment fund for each of the beneficiaries of the State Land Trust.

The BOI manages the assets of the permanent endowment funds pursuant to statutory and constitutional requirements and ensures that no more than 60 percent of PLETF monies are invested in equities at any one time. The earnings, interest, dividends and capital gains and losses from investment of each permanent endowment fund are credited to the corresponding permanent endowment fund by the State Treasurer ([Ariz. Const. art. 10 § 7](#)). The BOI and State Treasurer must take all actions necessary for the statutorily and constitutionally required distributions into each permanent endowment fund ([A.R.S. § 35-319](#)).

Additionally, statute outlines requirements for the investment and reinvestment of monies entrusted to a public body or official by municipal and county treasurers. Securities owned by the permanent endowment funds may be loaned to the financial or dealer community with collateral or sold at a price below par or cost of the proceeds of the sale by a municipal and county treasurer if certain requirements are met ([A.R.S. § 35-324](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Removes statutory references to the loaning of permanent endowment fund monies and sale of permanent endowment fund monies at a price below cost of the proceeds of the sale by municipal and county treasurers.
2. Makes technical and conforming changes.
3. Becomes effective on the general effective date.