PROPOSITION 118

ANALYSIS BY LEGISLATIVE COUNCIL

In 1910, the United States Congress passed the Arizona-New Mexico Enabling Act, allowing Arizona to become a state and granting Arizona approximately 10.9 million acres of land, referred to as "state trust land". The state land trust produces revenue for various public institutions in this state (schools, colleges, prisons, etc.). Proposition 118 would amend the Arizona Constitution to provide that for fiscal years 2012-2013 through 2020-2021, the annual distribution from the state trust land permanent funds to the various public institutions would be 2.5% of the average market values of the fund for the immediately preceding five calendar years. After fiscal year 2020-2021, the distribution formula would return to the current formula set out in the Arizona Constitution: average total rate of return for the previous five fiscal years, less percentage change in inflation, multiplied by the average market value over the previous five years.