

REFERENCE TITLE: foreign entities; land ownership; prohibition

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **HB 2407**

Introduced by  
Representatives Gillette: Biasiucci, Bliss, Carbone, Cook, Gress, Griffin,  
Heap, Hendrix, Jones, Marshall, McGarr, Smith, Willoughby; Senators  
Borrelli, Carroll, Rogers

AN ACT

AMENDING TITLE 33, CHAPTER 4, ARTICLE 4, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 33-459; AMENDING SECTIONS 37-231 AND 37-240, ARIZONA  
REVISED STATUTES; RELATING TO LAND SALES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 33, chapter 4, article 4, Arizona Revised  
3 Statutes, is amended by adding section 33-459, to read:

4 33-459. Conveyance to foreign entity; prohibition;  
5 identification; definition

6 A. BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, LAND IN THIS  
7 STATE MAY NOT BE CONVEYED TO A FOREIGN ENTITY.

8 B. A GRANTOR IN THIS STATE AND THE GRANTOR'S AGENT, INCLUDING A  
9 REAL ESTATE PROFESSIONAL LICENSED PURSUANT TO TITLE 32, CHAPTER 20, SHALL  
10 SUBMIT TO THE DEPARTMENT OF REAL ESTATE A VALID FORM OF IDENTIFICATION OF  
11 ANY GRANTEE. IF THE GRANTEE IS NOT A NATURAL PERSON, THE GRANTOR AND THE  
12 GRANTOR'S AGENT SHALL SUBMIT A VALID FORM OF IDENTIFICATION OF THE  
13 GRANTEE'S AGENT AND THE NAME AND PRINCIPAL PLACE OF BUSINESS OF THE  
14 GRANTEE. THE GRANTOR, THE GRANTOR'S AGENT AND THE DEPARTMENT OF REAL  
15 ESTATE SHALL MAINTAIN A COPY OF THE IDENTIFICATION PROVIDED BY THE GRANTEE  
16 OR, IF THE GRANTEE IS NOT A NATURAL PERSON, THE IDENTIFICATION OF THE  
17 GRANTEE'S AGENT AND THE GRANTEE'S NAME AND PRINCIPAL PLACE OF BUSINESS.

18 C. FOR THE PURPOSES OF THIS SECTION, VALID IDENTIFICATION INCLUDES:

19 1. ANY DOCUMENT THAT BEARS THE PHOTOGRAPH, NAME AND ADDRESS OF THE  
20 GRANTEE OR IF, THE GRANTEE IS NOT A NATURAL PERSON, THE GRANTEE'S AGENT.

21 2. AN ARIZONA DRIVER LICENSE, AN ARIZONA NONOPERATING  
22 IDENTIFICATION LICENSE, A TRIBAL ENROLLMENT CARD OR OTHER FORM OF TRIBAL  
23 IDENTIFICATION, OR A UNITED STATES, STATE OR LOCAL GOVERNMENT-ISSUED  
24 IDENTIFICATION.

25 D. IDENTIFICATION SHALL BE DEEMED VALID UNLESS IT CAN BE DETERMINED  
26 ON ITS FACE THAT THE IDENTIFICATION HAS EXPIRED.

27 E. FOR THE PURPOSES OF THIS SECTION, "FOREIGN ENTITY":

28 1. MEANS A FOREIGN GOVERNMENT, A STATE-CONTROLLED ENTERPRISE OF A  
29 FOREIGN GOVERNMENT OR AN ENTITY ACTING AS AN AGENT FOR A FOREIGN  
30 GOVERNMENT OR STATE-CONTROLLED ENTERPRISE OF A FOREIGN GOVERNMENT.

31 2. DOES NOT INCLUDE THE UNITED STATES GOVERNMENT OR ITS STATES,  
32 TERRITORIES OR POSSESSIONS.

33 Sec. 2. Section 37-231, Arizona Revised Statutes, is amended to  
34 read:

35 37-231. State lands subject to sale; rights reserved in lands  
36 sold; state lands not subject to sale; development  
37 agreements

38 A. All state lands, except as otherwise provided for in this title,  
39 including all improvements made or placed on or connected with state  
40 lands, shall be subject to appraisal and sale as provided in this title.

41 B. Any person over eighteen years of age is entitled to purchase  
42 any of ~~the state~~ THIS STATE'S lands EXCEPT AS PROVIDED IN SECTION 37-240.

43 C. All sales, grants, deeds or patents to any state lands sold  
44 between July 9, 1954 and March 18, 1968 shall be subject to and shall  
45 contain a reservation to ~~the~~ THIS state of an undivided one-sixteenth of

1 all oil, gases and other hydrocarbon substances, coal or stone, metals,  
 2 minerals, fossils and fertilizer of every name and description, together  
 3 with all uranium, all thorium, or any other material ~~which~~ THAT is or may  
 4 be determined by the laws of ~~the~~ THIS state or the United States or  
 5 decisions of courts to be peculiarly essential to the production of  
 6 fissionable materials, whether or not of commercial value, subject to the  
 7 following:

8 1. For the purpose of promoting the sale of state lands and the  
 9 more active cooperation of the owner of the soil, and to facilitate the  
 10 development of its mineral resources, the state constitutes the purchaser  
 11 of the land its agent for the purposes specified in this section, and in  
 12 consideration hereof, relinquishes to and vests in the purchaser of the  
 13 state land an undivided fifteen-sixteenths of all oil, gas and the value  
 14 thereof which may be ~~upon~~ ON or within any state land purchased after  
 15 July 9, 1954 and before March 18, 1968.

16 2. The purchaser of the soil may sell or lease to any person, firm  
 17 or corporation the oil and gas and other minerals ~~which~~ THAT may be on or  
 18 in the land, ~~upon~~ ON terms and conditions the purchaser and the owner deem  
 19 best, subject to the provisions and reservations of this section, but the  
 20 lessee or purchaser shall pay to ~~the~~ THIS state an undivided one-sixteenth  
 21 of the mineral produced or the value of the mineral produced at the well  
 22 or mine as determined by the ~~state-land~~ department.

23 3. ~~upon~~ ON discovery of oil and gas in paying quantities on land  
 24 adjoining state lands purchased under the authority of this section, the  
 25 purchaser or the purchaser's lessee shall drill and produce all wells  
 26 necessary to protect the land so purchased from drainage by wells on lands  
 27 in which ~~the~~ THIS state has no royalty interest, ~~or~~ has a lesser royalty  
 28 interest. If the purchaser or the purchaser's lessee fails to protect  
 29 against such drainage, ~~the~~ THIS state, acting through the ~~state-land~~  
 30 department, ~~may~~, three months after demand therefor in writing by the  
 31 ~~state-land~~ department to such purchaser and the purchaser's lessee, MAY  
 32 enter ~~upon~~ ON such lands and drill all wells necessary to protect ~~the~~ THIS  
 33 state against such drainage.

34 4. The interest reserved by ~~the~~ THIS state in any state lands sold  
 35 may be committed to a drilling unit or cooperative or unit plans of  
 36 development and operation of oil and gas pools with the United States, its  
 37 agencies and its and their lessees and permittees, and with private owners  
 38 and persons holding oil and gas leases on private lands or on state  
 39 lands. The ~~state-land~~ department ~~may~~, insofar as the interest of ~~the~~ THIS  
 40 state may be affected thereby, MAY join in and consent to any such plan on  
 41 behalf of ~~the~~ THIS state. Such agreements shall provide for the equitable  
 42 division on an agreed basis of the oil and gas produced from the unit, but  
 43 ~~no~~ such agreement shall NOT relieve any operator from the obligation to  
 44 develop reasonably the lands and leases as a whole committed thereto. The  
 45 royalties to which ~~the~~ THIS state is entitled on production from land

1 purchased under this section shall be computed only on that part of the  
 2 production allocated to such tract. When the agreements made under this  
 3 section provide for the return of gas to a formation underlying the unit,  
 4 they may provide that no royalties are required to be paid on the gas so  
 5 returned.

6 D. State lands known to contain oil, gases and other hydrocarbon  
 7 substances, geothermal resources, coal or stone, metals, minerals, fossils  
 8 and fertilizer of every name and description, in paying quantities, or  
 9 uranium, thorium or any other material ~~which~~ THAT is or may be determined  
 10 by the laws of ~~the~~ THIS state OR the United States or BY decisions of  
 11 court to be peculiarly essential to the production of fissionable  
 12 materials, whether or not of commercial value, and state lands adjoining  
 13 lands ~~upon~~ ON which there are producing oil, gas or geothermal wells or  
 14 adjoining lands known to contain any of such substances in paying  
 15 quantities, or uranium, thorium or any other material peculiarly essential  
 16 to the production of fissionable materials, whether or not of commercial  
 17 value, shall not be sold. The prohibition against sale shall not operate  
 18 to prevent the sale of lands known to contain, in paying quantities,  
 19 common variety minerals as defined in section 27-271 or to prevent the  
 20 sale of lands where ~~the~~ THIS state does not own such substances, minerals  
 21 or metals in the lands sought to be sold. ~~The provisions of~~ This  
 22 subsection ~~shall~~ DOES not prohibit the sale of such lands located within  
 23 the exterior boundaries of an incorporated city or town, in which case the  
 24 commissioner may offer the land for sale, provided the land shall be used  
 25 solely for a public purpose. Such land shall revert to ~~the~~ THIS state if  
 26 it is used other than for a public purpose.

27 E. Notwithstanding ~~the provisions of~~ subsection C of this section,  
 28 all state lands sold after March 18, 1968 shall be sold with the  
 29 reservation that all oil, gas, other hydrocarbon substances, helium or  
 30 other substances of a gaseous nature, geothermal resources, coal, metals,  
 31 minerals, fossils, fertilizer of every name and description, together with  
 32 all uranium, all thorium or any other material ~~which~~ THAT is or may be  
 33 determined by the laws of the United States or of this state, ~~or~~ BY  
 34 decisions of court, ~~to~~ be peculiarly essential to the production of  
 35 fissionable materials, whether or not of commercial value, and the  
 36 exclusive right thereto, on, in, or under such land, shall be and remain  
 37 and be reserved in and retained by ~~the~~ THIS state, regardless of any sale  
 38 under this section and the issuance of any certificate of purchase to any  
 39 purchaser of state lands pursuant to this section, provided, that the  
 40 reservation shall not include common variety minerals as defined in  
 41 section 27-271, subject to the following:

42 1. The ~~state land~~ department shall adopt rules providing for the  
 43 protection of the patentee or contract purchaser of state lands, or their  
 44 successors in interest, and ~~the~~ THIS state ~~of Arizona~~, against damage to  
 45 the lands, livestock, water, crops, ~~or~~ other tangible improvements on

1 lands held by such patentee or contract purchaser, and suffered by reason  
2 of the use or occupation of such lands by lessees or permittees engaged in  
3 mining and oil, gas and geothermal resource exploration and development  
4 under leases or permits executed by the department. The ~~state land~~  
5 department ~~may~~, at any time, MAY require each of its lessees or permittees  
6 to execute a bond in a reasonable principal amount conditioned ~~upon~~ ON  
7 payment for all such damages.

8 2. The mineral rights reserved to ~~the~~ THIS state in the lands sold  
9 shall be closed to entry and location as a mineral claim or claims, but  
10 the department may issue, ~~upon~~ ON application, mineral exploration permits  
11 embracing the reserved mineral rights when such issuance is deemed in the  
12 best interest of ~~the~~ THIS state, provided that the surface owner or owners  
13 shall have the first right of refusal to acquire such mineral exploration  
14 permits.

15 Sec. 3. Section 37-240, Arizona Revised Statutes, is amended to  
16 read:

17 37-240. Limits on sales of state lands; definition

18 A. ~~No~~ A person may NOT purchase more than six hundred forty acres  
19 of grazing land, ~~or~~ or more than one hundred sixty acres of agricultural  
20 land.

21 B. ~~No Sales, leases or subleases~~ of state lands ~~shall~~ MAY NOT be  
22 made to corporations or associations not qualified to transact business in  
23 ~~the~~ THIS state.

24 C. BEGINNING ON THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS  
25 SECTION, SALES OF STATE LANDS MAY NOT BE MADE TO A FOREIGN ENTITY.

26 D. FOR THE PURPOSES OF THIS SECTION, "FOREIGN ENTITY":

27 1. MEANS A FOREIGN GOVERNMENT, A STATE-CONTROLLED ENTERPRISE OF A  
28 FOREIGN GOVERNMENT OR AN ENTITY ACTING AS AN AGENT FOR A FOREIGN  
29 GOVERNMENT OR STATE-CONTROLLED ENTERPRISE OF A FOREIGN GOVERNMENT.

30 2. DOES NOT INCLUDE THE UNITED STATES GOVERNMENT OR ITS STATES,  
31 TERRITORIES OR POSSESSIONS.