

House Engrossed

property conveyance; foreign entities; prohibition

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

HOUSE BILL 2439

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 federally banned corporation;
5 prohibition; definition

6 A. BEGINNING FROM AND AFTER THE EFFECTIVE DATE OF THIS SECTION,
7 LAND IN THIS STATE MAY NOT BE CONVEYED TO A FEDERALLY BANNED CORPORATION.

8 B. FOR THE PURPOSES OF THIS SECTION, "FEDERALLY BANNED
9 CORPORATION":

10 1. MEANS A COMPANY BANNED BY ANY OF THE FOLLOWING:

11 (a) THE FEDERAL COMMUNICATIONS COMMISSION.

12 (b) THE UNITED STATES DEPARTMENT OF COMMERCE.

13 (c) THE CYBERSECURITY AND INFRASTRUCTURE SECURITY AGENCY.

14 (d) THE FEDERAL ACQUISITION SECURITY COUNCIL.

15 2. INCLUDES ANY AGENT OR ANY OTHER ENTITY UNDER SIGNIFICANT CONTROL
16 OF A FEDERALLY BANNED CORPORATION.

17 3. DOES NOT INCLUDE THE UNITED STATES GOVERNMENT OR ITS STATES,
18 TERRITORIES OR POSSESSIONS.

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

21 37-231. State lands subject to sale; rights reserved in lands
22 sold; state lands not subject to sale; development
23 agreements

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

27 B. Any person over eighteen years of age is entitled to purchase
28 any of the state lands EXCEPT AS PROVIDED IN SECTION 37-240.

29 C. All sales, grants, deeds or patents to any state lands sold
30 between July 9, 1954 and March 18, 1968 shall be subject to and shall
31 contain a reservation to ~~the~~ THIS state of an undivided one-sixteenth of
32 all oil, gases and other hydrocarbon substances, coal or stone, metals,
33 minerals, fossils and fertilizer of every name and description, together
34 with all uranium, all thorium, or any other material ~~which~~ THAT is or may
35 be determined by the laws of ~~the~~ THIS state or the United States or
36 decisions of courts to be peculiarly essential to the production of
37 fissionable materials, whether or not of commercial value, subject to the
38 following:

39 1. For the purpose of promoting the sale of state lands and the
40 more active cooperation of the owner of the soil, and to facilitate the
41 development of its mineral resources, the state constitutes the purchaser
42 of the land its agent for the purposes specified in this section, and in
43 consideration hereof, relinquishes to and vests in the purchaser of the
44 state land an undivided fifteen-sixteenths of all oil, gas and the value

1 thereof which may be ~~upon~~ ON or within any state land purchased after
2 July 9, 1954 and before March 18, 1968.

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

10 3. ~~Upon~~ ON discovery of oil and gas in paying quantities on land
11 adjoining state lands purchased under the authority of this section, the
12 purchaser or the purchaser's lessee shall drill and produce all wells
13 necessary to protect the land so purchased from drainage by wells on lands
14 in which ~~the~~ THIS state has no royalty interest, ~~or~~ has a lesser royalty
15 interest. If the purchaser or the purchaser's lessee fails to protect
16 against such drainage, ~~the~~ THIS state, acting through the ~~state land~~
17 department, ~~may~~, three months after demand therefor in writing by the
18 ~~state land~~ department to such purchaser and the purchaser's lessee, MAY
19 enter ~~upon~~ ON such lands and drill all wells necessary to protect ~~the~~ THIS
20 state against such drainage.

21 4. The interest reserved by ~~the~~ THIS state in any state lands sold
22 may be committed to a drilling unit or cooperative or unit plans of
23 development and operation of oil and gas pools with the United States, its
24 agencies and its and their lessees and permittees, and with private owners
25 and persons holding oil and gas leases on private lands or on state
26 lands. The ~~state land~~ department ~~may~~, insofar as the interest of ~~the~~ THIS
27 state may be affected thereby, MAY join in and consent to any such plan on
28 behalf of ~~the~~ THIS state. Such agreements shall provide for the equitable
29 division on an agreed basis of the oil and gas produced from the unit, but
30 ~~no~~ such agreement shall NOT relieve any operator from the obligation to
31 develop reasonably the lands and leases as a whole committed thereto. The
32 royalties to which ~~the~~ THIS state is entitled on production from land
33 purchased under this section shall be computed only on that part of the
34 production allocated to such tract. When the agreements made under this
35 section provide for the return of gas to a formation underlying the unit,
36 they may provide that no royalties are required to be paid on the gas so
37 returned.

38 D. State lands known to contain oil, gases and other hydrocarbon
39 substances, geothermal resources, coal or stone, metals, minerals, fossils
40 and fertilizer of every name and description, in paying quantities, or
41 uranium, thorium or any other material ~~which~~ THAT is or may be determined
42 by the laws of ~~the~~ THIS state OR the United States or BY decisions of
43 court to be peculiarly essential to the production of fissionable
44 materials, whether or not of commercial value, and state lands adjoining
45 lands ~~upon~~ ON which there are producing oil, gas or geothermal wells or

1 adjoining lands known to contain any of such substances in paying
2 quantities, or uranium, thorium or any other material peculiarly essential
3 to the production of fissionable materials, whether or not of commercial
4 value, shall not be sold. The prohibition against sale shall not operate
5 to prevent the sale of lands known to contain, in paying quantities,
6 common variety minerals as defined in section 27-271 or to prevent the
7 sale of lands where ~~the~~ THIS state does not own such substances, minerals
8 or metals in the lands sought to be sold. ~~The provisions of~~ This
9 subsection ~~shall~~ DOES not prohibit the sale of such lands located within
10 the exterior boundaries of an incorporated city or town, in which case the
11 commissioner may offer the land for sale, provided the land shall be used
12 solely for a public purpose. Such land shall revert to ~~the~~ THIS state if
13 it is used other than for a public purpose.

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

29 1. The ~~state land~~ department shall adopt rules providing for the
30 protection of the patentee or contract purchaser of state lands, or their
31 successors in interest, and ~~the~~ THIS state ~~of Arizona~~, against damage to
32 the lands, livestock, water, crops, ~~or~~ other tangible improvements on
33 lands held by such patentee or contract purchaser, and suffered by reason
34 of the use or occupation of such lands by lessees or permittees engaged in
35 mining and oil, gas and geothermal resource exploration and development
36 under leases or permits executed by the department. The ~~state land~~
37 department ~~may~~, at any time, MAY require each of its lessees or permittees
38 to execute a bond in a reasonable principal amount conditioned ~~upon~~ ON
39 payment for all such damages.

40 2. The mineral rights reserved to ~~the~~ THIS state in the lands sold
41 shall be closed to entry and location as a mineral claim or claims, but
42 the department may issue, ~~upon~~ ON application, mineral exploration permits
43 embracing the reserved mineral rights when such issuance is deemed in the
44 best interest of ~~the~~ THIS state, provided that the surface owner or owners

1 shall have the first right of refusal to acquire such mineral exploration
2 permits.

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

5 37-240. Limits on sales of state lands; definition

6 A. ~~No~~ A person may NOT purchase more than six hundred forty acres
7 of grazing land, ~~—~~ or more than one hundred sixty acres of agricultural
8 land.

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

12 C. BEGINNING FROM AND AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
13 THIS SECTION, SALES OF STATE LANDS MAY NOT BE MADE TO A FEDERALLY BANNED
14 CORPORATION.

15 D. FOR THE PURPOSES OF THIS SECTION, "FEDERALLY BANNED
16 CORPORATION":

17 1. MEANS A COMPANY BANNED BY ANY OF THE FOLLOWING:

18 (a) THE FEDERAL COMMUNICATIONS COMMISSION.

19 (b) THE UNITED STATES DEPARTMENT OF COMMERCE.

20 (c) THE CYBERSECURITY AND INFRASTRUCTURE SECURITY AGENCY.

21 (d) THE FEDERAL ACQUISITION SECURITY COUNCIL.

22 2. INCLUDES ANY AGENT OR ANY OTHER ENTITY UNDER SIGNIFICANT CONTROL
23 OF A FEDERALLY BANNED CORPORATION.

24 3. DOES NOT INCLUDE THE UNITED STATES GOVERNMENT OR ITS STATES,
25 TERRITORIES OR POSSESSIONS.