

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1616 West Adams, Phoenix, Arizona 85007
(602) 542-4631

September 1, 2020

Honorable Douglas A. Ducey
Governor, State of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

Dear Governor Ducey:

On behalf of the Arizona State Land Department (ASLD), I am pleased to submit our Fiscal Year 2020 (FY 2020) Annual Report, pursuant to A.R.S. § 37-132. Following is a summary of ASLD's management activities and revenues collected during the fiscal year.

Over the past year, ASLD has been steadfast in its mission to actively manage the assets of a perpetual, multi-generational land trust for the support of the Beneficiaries and future generations of Arizonans.

In FY 2020, ASLD collected \$205.1 million total revenue; including \$135.3 million from land sales and \$8.0 million in royalties, both of which enhanced the Permanent Land Endowment Trust Fund. Additionally, the Department generated \$59.1 million from leases, distributed directly to the Beneficiaries as expendable revenue, and \$2.6 million in fees, which are used to partially fund the operating expenses of the Department.

Highlights of FY 2020 operations include:

- While the commercial real estate market in Arizona continues to be favorable, the impact of the COVID-19 pandemic caused certain prospective buyers to delay capital investment decisions, resulting in the reassessment of the timing of some planned land auctions. During FY 2020, ASLD held 5 successful land sale and lease auctions generating \$45.0 million in total value. The results included the following notable auctions:
 - 80 acres on October 29, 2019, generating \$22.4 million
 - 16,671 acres on January 6, 2020, for \$13.6 million
 - 614 acres on September 4, 2019, for \$6.5 million

- Continuing our strategic initiative to create sustainable Zoning Banks as a standard model for expanding appropriate land use entitlements on Trust land being taken to auction throughout Arizona. In FY 2020, ASLD established three zoning banks with the Cities of Tucson and Mesa, and the Town of Queen Creek. These will expand our potential customer base, as well as significantly reduce timelines to both taking land to auction and building products for our customers.
- ASLD has continued digitization of internal processes on Salesforce, further solidifying your goals of efficient government. In FY 2020, we launched an enhanced website, a Customer Community Portal, and a Public Inquiry Portal, each designed to simplify the application process and to align ASLD with the Governor's priority of the State Agencies moving at the Speed of Business. These enhancements better serve the public, our stakeholders and customers, and ultimately the beneficiaries in the management of their assets.
- ASLD collaborated with several sister agencies as part of the State Broadband Working Group, to support the Governor's Broadband Initiative. ASLD developed a new timely and efficient process for third party use of communication facilities and broadband Rights of Way.
- In response to the COVID-19 pandemic, ASLD established and implemented agency-wide programs for teleworking, which did not previously exist; including remote process monitoring, and virtual AMS compliance tools. Throughout this continuing situation, ASLD is committed to ensuring the safety of our employees and constituents, with minimal business and service interruption.

Thank you for the opportunity to serve the Trust Beneficiaries, their customers, and the people of Arizona, as State Land Commissioner. It is a privilege and honor for our ASLD team to continue advancing the interests of all those we serve, and to grow one of our State's largest economic development assets available.

Sincerely,



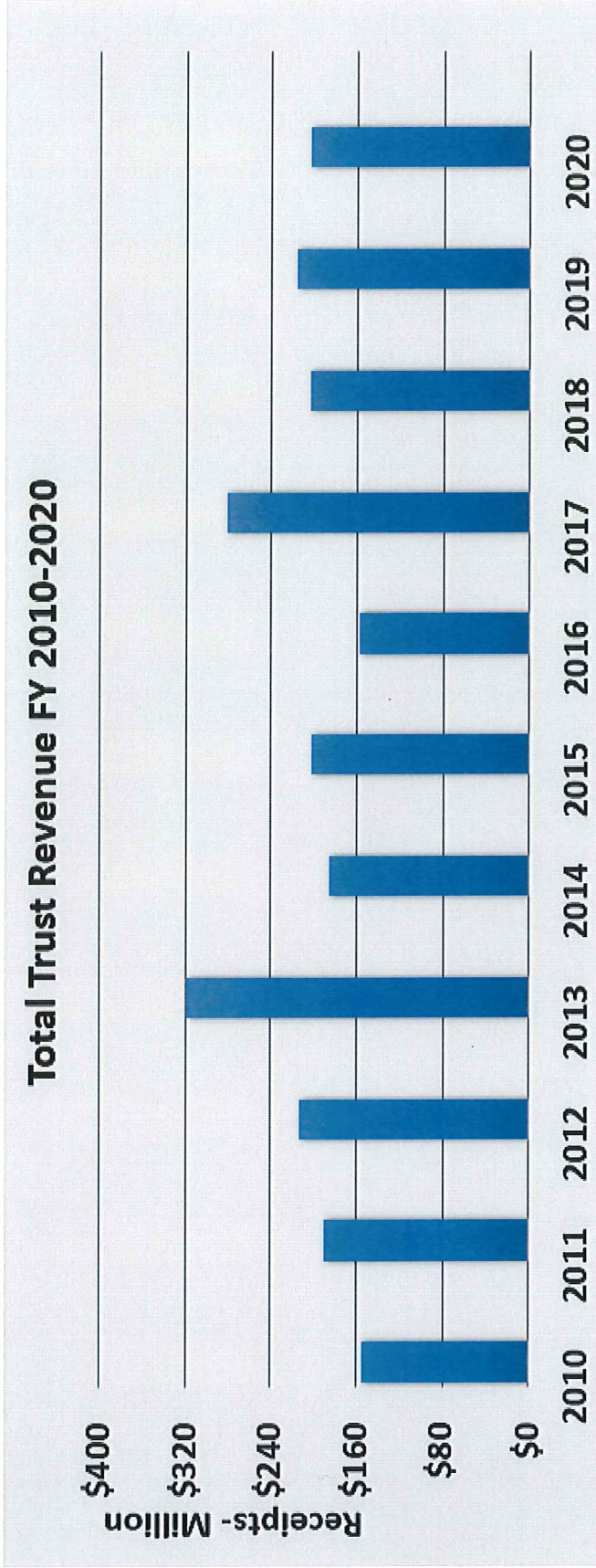
Lisa A. Atkins
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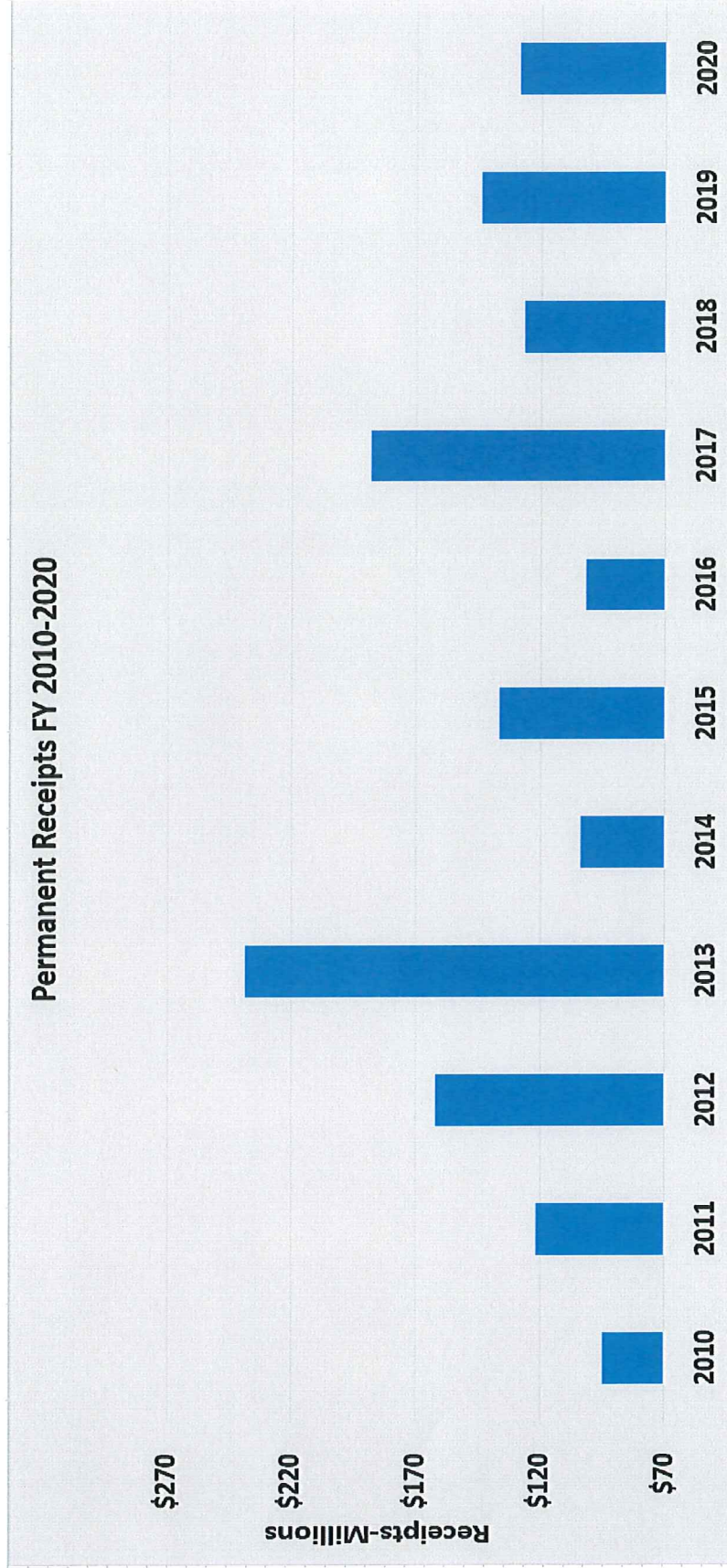
Annual Report Supplemental Schedules

FY 2020

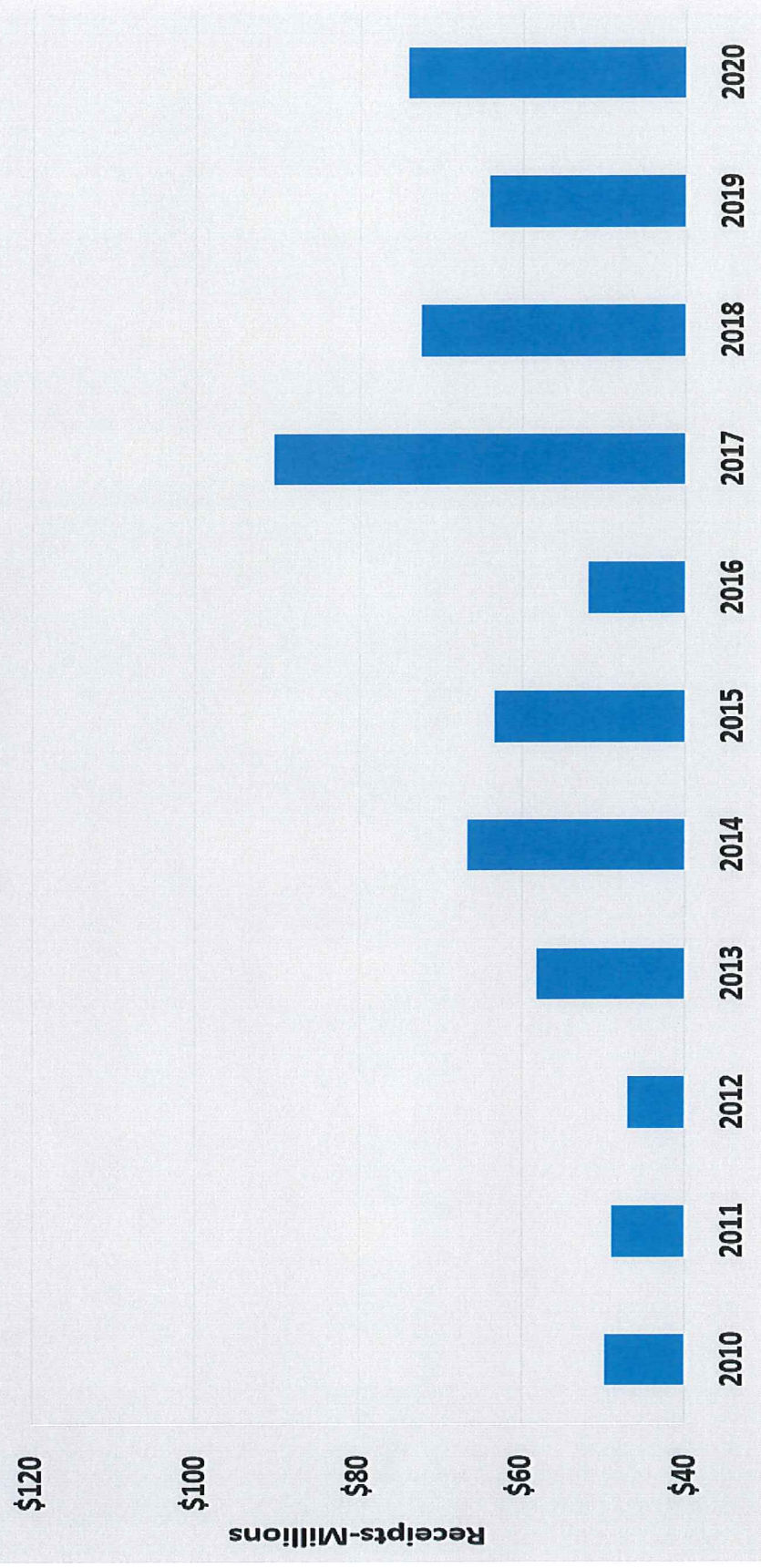




Permanent Receipts FY 2010-2020



Expendable Receipts 2010-2020



RECEIPTS BY CATEGORY - FY 2020

Row Labels	LEASE RENTAL	OTHER RECEIPTS	PENALTY AND INTEREST	ROYALTY	SALES INTEREST	SALES PRINCIPAL	Grand Total
General Fund	\$ 137,735	\$ 2,580,188	\$ 203	\$ -	\$ -	\$ -	\$ 2,718,126
F.E.M.A. Lands	\$ 6,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,702
Farm Loan Lands	\$ 5,149	\$ -	\$ 23	\$ -	\$ -	\$ -	\$ 5,174
Fees: Lease, Sale & Misc	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
Fees: Trust Land Mgt Fund	\$ -	\$ 2,579,788	\$ -	\$ -	\$ -	\$ -	\$ 2,579,788
Lands Held in Trust	\$ 12,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,909
Navigable Streambeds	\$ 112,975	\$ -	\$ 178	\$ -	\$ -	\$ -	\$ 113,153
School & Institutions	\$ 58,683,459	\$ -	\$ 318,090	\$ 7,991,527	\$ 14,874,275	\$ 120,466,144	\$ 202,333,494
ABM Colleges	\$ 310,367	\$ -	\$ 309	\$ 53,632	\$ -	\$ 24,233	\$ 388,563
Common Schools	\$ 49,109,947	\$ -	\$ 280,138	\$ 6,861,932	\$ 11,236,878	\$ 96,974,330	\$ 164,480,145
Leg., Exec & Judicial	\$ 139,396	\$ -	\$ 1,611	\$ 58,560	\$ -	\$ -	\$ 199,487
Military Institutes	\$ 45,974	\$ -	\$ 224	\$ -	\$ -	\$ -	\$ 46,197
Miners' Hospital	\$ 1,606,201	\$ -	\$ 9,243	\$ 138,336	\$ -	\$ 792,873	\$ 2,346,656
Normal Schools	\$ 123,886	\$ -	\$ 903	\$ 88,274	\$ -	\$ 494	\$ 213,397
Penitentiaries	\$ 1,370,319	\$ -	\$ 1,217	\$ 83,711	\$ -	\$ 13,099	\$ 1,470,347
School for the Deaf & Blind	\$ 144,076	\$ -	\$ 868	\$ 1,931	\$ -	\$ 30,209	\$ 197,084
School of Mines	\$ 164,648	\$ -	\$ 717	\$ 31,700	\$ -	\$ 27,911	\$ 224,976
St Char., Pen. & Ref	\$ 3,259,019	\$ -	\$ 4,671	\$ 311,778	\$ 3,617,397	\$ 22,535,010	\$ 29,727,871
State Hospital	\$ 349,666	\$ -	\$ 3,343	\$ 119,943	\$ -	\$ 25,441	\$ 500,993
U of A (Act of 2/18/1881)	\$ 699,748	\$ -	\$ 10,127	\$ 193,043	\$ -	\$ -	\$ 902,921
University Land Code	\$ 1,580,216	\$ -	\$ 2,493	\$ 48,683	\$ -	\$ 26,319	\$ 1,637,915
Grand Total	\$ 58,821,195	\$ 2,580,188	\$ 318,293	\$ 7,991,527	\$ 14,874,275	\$ 120,466,144	\$ 205,051,621

REVENUE BY BENEFICIARY FY 2020

BENEFICIARIES	TOTAL COLLECTED	EXPENDABLE	PERMANENT
Common Schools	\$ 164,480,145	\$ 60,646,883	\$ 103,833,262
Normal Schools	\$ 213,557	\$ 124,789	\$ 88,768
Agricultural & Mechanical Colleges	\$ 385,563	\$ 310,676	\$ 74,888
Military Institutes	\$ 46,197	\$ 46,197	-
School of Mines	\$ 224,976	\$ 165,365	\$ 59,611
University Land Code	\$ 1,437,915	\$ 1,362,711	\$ 75,204
University of Arizona (Act of 2/18/1881)	\$ 902,921	\$ 709,876	\$ 193,045
School for the Deaf & Blind	\$ 197,084	\$ 144,944	\$ 52,140
SUBTOTAL EDUCATION	\$ 167,888,358	\$ 63,511,441	\$ 104,376,918
Legislative, Executive & Judicial Buildings	\$ 199,468	\$ 140,908	\$ 58,560
State Hospital	\$ 500,595	\$ 355,211	\$ 145,384
Miners' Hospital	\$ 2,546,656	\$ 1,615,445	\$ 931,211
State Charitable, Penal & Reformatory	\$ 29,727,871	\$ 6,881,083	\$ 22,846,788
Penitentiaries	\$ 1,470,547	\$ 1,371,737	\$ 98,810
SUBTOTAL NON-EDUCATION	\$ 34,445,136	\$ 10,364,383	\$ 24,080,753
GRAND TOATL	\$ 202,333,494	\$ 73,875,824	\$ 128,457,670

STATE TRUST LAND ACREAGE BY BENEFICIARY FY 2020

BENEFICIARY	FY 1978	FY 2020
Common Schools (K - 12)*	8,342,469	8,050,903
Normal Schools	172,405	174,786
Agricultural & Mechanical Colleges	134,469	124,944
Military Institutes	82,945	80,168
School of Mines	132,882	123,256
University Land Code	166,354	137,778
University of Arizona (Act of 2/18/1881)	62,216	48,922
School for the Deaf & Blind	84,209	82,558
Legislative, Executive & Judicial Buildings	66,660	64,229
State Hospital	79,198	71,248
Miners' Hospital	48,648	47,543
Miners' Hospital (1929)	53,311	47,686
State Charitable, Penal & Reformatory	80,010	76,869
Penitentiaries	80,830	76,971
TOTAL	9,586,606	9,207,861

*Includes County Bonds

STATE TRUST LAND USES FY 2020

SURFACE_LEASES	NO_OF_LEASES	% OF LEASE	TOTAL_ACREAGE	% OF ACREAGE
Rights of Way	7,859	74.82%	170,234	1.84%
Grazing	1,192	11.35%	8,374,802	90.29%
Commercial	277	2.64%	69,271	0.75%
Commercial School Leases	21	0.20%	1,143	0.01%
Agriculture	344	3.27%	157,489	1.70%
Use Permits	645	6.14%	472,884	5.10%
U.S. Government	154	1.47%	17,430	0.19%
Institutional Taking	9	0.09%	12,685	0.14%
Recreational	3	0.03%	0	0.00%
SUBTOTAL SURFACE_LEASES	10,504	100.00%	9,275,938	100.00%
SUBSURFACE	NO_OF_LEASES	% OF LEASE	TOTAL_ACREAGE	% OF ACREAGE
Mineral	34	3.90%	44,401	6.08%
Mineral Exploration	574	65.90%	289,109	39.60%
Mineral Material	23	2.64%	2,372	0.32%
Oil & Gas	240	27.55%	394,193	53.99%
SUBTOTAL SUBSURFACE_LEASES	871	100.00%	730,075	100.00%
TOTAL LEASES	11,375		10,006,013	

FY 2020

Beneficiary Summary

University Grants	A & M COLLEGES		MILITARY INSTITUTES		NORMAL SCHOOLS		SCHOOL OF MINES		UNIVERSITY LAND CODE		UNIVERSITY OF ARIZONA 1881	
	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME
SURFACE_LEASES												
Agriculture	251	\$ 6,700	-	-	165	\$ 4,025	1,645	\$ 30,650	3,233	\$ 69,463	6,879	\$ 218,411
Commercial	10,578	\$ 185,897	1,677	\$ 2,400	22,539	\$ 735	8,481	\$ 48,950	8,269	\$ 333,789	324	\$ 287,855
Grazing	106,726	\$ 45,914	77,709	\$ 36,726	145,654	\$ 56,570	110,789	\$ 37,978	117,859	\$ 48,116	33,923	\$ 10,123
Rights Of Way	1,888	\$ 47,164	280	\$ 3,071	1,610	\$ 30,537	1,164	\$ 25,015	2,630	\$ 80,917	830	\$ 76,465
Use Permits	4,199	\$ 8,196	288	\$ 2,000	5,280	\$ 4,704	2,884	\$ 6,057	4,045	\$ 811,586	4,069	\$ 44,467
Institutional Taking	1,917	\$ -	-	\$ -	2,721	\$ -	-	\$ -	107	\$ 780	200	\$ -
U.S. Government	86	\$ -	-	\$ -	184	\$ 2,000	17	\$ -	8	\$ -	4	\$ 19,200
Other	-	\$ -	-	\$ -	0	\$ -	0	\$ -	-	\$ -	-	\$ -
TOTAL SURFACE	125,745	\$ 294,871	79,974	\$ 44,197	179,353	\$ 98,571	124,959	\$ 143,629	136,150	\$ 1,344,652	46,228	\$ 656,521
SUBSURFACE_LEASES												
Mineral	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Prospecting Permit	-	\$ -	307	\$ 1,777	320	\$ 5,370	1,271	\$ -	2,360	\$ 2,617	0	\$ 0
Mineral Material	24	\$ 8,833	-	\$ -	120	\$ 10,560	-	\$ -	-	\$ -	164	\$ 43,200
Oil & Gas	5,734	\$ 6,663	-	\$ -	6,853	\$ 9,385	9,432	\$ 21,019	6,188	\$ 12,947	-	\$ -
TOTAL SUBSURFACE	5,758	\$ 15,496	307	\$ 1,777	7,292	\$ 25,315	10,703	\$ 21,019	8,548	\$ 15,564	165	\$ 43,200
Penalty & Interest	-	\$ 309	-	\$ 224	-	\$ 903	-	\$ 717	-	\$ 2,485	-	\$ 10,127
Treasurer's Formula Distribution	-	\$ 678,723	-	\$ 48,569	-	\$ 375,732	-	\$ 988,750	-	\$ 1,815,927	-	\$ 6,492,330
GRAND TOTAL EXPENDABLE	131,502	\$ 1,189,399	80,281	\$ 94,786	186,645	\$ 500,521	135,662	\$ 1,164,115	144,698	\$ 3,178,638	46,393	\$ 7,202,179
Permanent Fund Receipts	-	\$ 74,888	-	\$ 88,768	-	\$ 59,611	-	\$ 75,204	-	\$ 193,045	-	\$ 193,045
Permanent Fund Balance (Book)	-	\$ 4,925,000	-	\$ 387,000	-	\$ 2,885,000	-	\$ 5,965,000	-	\$ 51,262,000	-	\$ 17,605,000
Permanent Fund Balance (Mfrkt)	-	\$ 13,041,000	-	\$ 746,000	-	\$ 6,469,000	-	\$ 14,989,000	-	\$ 104,626,000	-	\$ 34,137,000

FY 2020

Beneficiary Summary

Institutional Grants	LEGISLATIVE, EXECUTIVE & JUDICIAL BUILDINGS		MINER'S HOSPITAL		PENITENTIARIES		SCHOOL FOR THE DEAF & BLIND		STATE CHARITABLE, PENAL & REFORMATORY		STATE HOSPITAL	
	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME	ACRES	INCOME
SURFACE_LEASES												
Agriculture	1,155	\$ 19,748	12,226	\$ 422,359	4,714	\$ 208,475	2,897	\$ 74,401	3,858	\$ 101,167	4,135	\$ 117,493
Commercial	5	\$ 43,920	510	\$ 1,028,311	455	\$ 1,042,410	5	\$ 5,646	2,834	\$ 1,198,430	126	\$ 119,029
Grazing	56,406	\$ 21,828	73,320	\$ 25,808	66,025	\$ 24,168	74,704	\$ 23,177	62,941	\$ 26,913	60,432	\$ 23,751
Rights Of Way	1,485	\$ 34,462	1,991	\$ 68,668	595	\$ 18,746	1,084	\$ 25,555	1,144	\$ 40,266	1,025	\$ 10,346
Use Permits	4,225	\$ 1,213	7,316	\$ 39,501	5,775	\$ 75,055	6,877	\$ 15,296	5,100	\$ 1,666,809	5,514	\$ 17,806
Institutional Taking	-	\$ -	1	\$ -	1,778	\$ -	1	\$ -	475	\$ 76,929	80	\$ 12,001
U.S. Government	92	\$ -	168	\$ -	5	\$ -	32	\$ -	117	\$ -	108	\$ -
Other	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 268
TOTAL SURFACE	63,367	\$ 121,171	95,532	\$ 1,584,647	79,347	\$ 1,368,853	85,600	\$ 144,076	76,469	\$ 3,110,514	71,419	\$ 300,694
SUBSURFACE_LEASES												
Mineral	-	\$ -	119	\$ 906	-	\$ -	-	\$ -	160	\$ 60,500	60	\$ 36,690
Prospecting Permit	1,486	\$ 17,640	2,492	\$ 408	1,666	\$ 1,666	1,042	\$ -	53	\$ -	2,656	\$ -
Mineral Material	-	\$ -	230	\$ 20,240	-	\$ -	-	\$ -	138	\$ 88,000	77	\$ 11,000
Oil & Gas	243	\$ 485	-	\$ -	-	\$ -	320	\$ -	1,268	\$ -	641	\$ 1,281
TOTAL SUBSURFACE	1,729	\$ 18,125	2,841	\$ 21,554	1,666	\$ 1,666	1,362	\$ -	1,618	\$ 148,500	3,434	\$ 48,972
Penalty & Interest	-	\$ 1,611	-	\$ 9,243	-	\$ 1,217	-	\$ 868	-	\$ 4,671	-	\$ 5,545
Treasurer's Formula Distribution	-	\$ 729,072	-	\$ 2,044,928	-	\$ 1,367,840	-	\$ 496,448	-	\$ 9,892,480	-	\$ 615,826
GRAND TOTAL EXPENDABLE	65,097	\$ 869,980	98,373	\$ 3,660,373	81,013	\$ 2,739,577	86,962	\$ 641,392	78,087	#####	74,853	\$ 971,037
Permanent Fund Receipts	-	\$ 58,560	-	\$ 931,211	-	\$ 98,810	-	\$ 52,140	-	\$ 22,846,788	-	\$ 145,384
Permanent Fund Balance (Book)	-	\$ 4,333,000	-	\$ 16,332,000	-	\$ 9,529,000	-	\$ 3,613,000	-	\$ 69,078,000	-	\$ 4,870,000
Permanent Fund Balance (Mkt)	-	\$ 10,993,000	-	\$ 34,078,000	-	\$ 21,380,000	-	\$ 8,212,000	-	\$ 160,650,000	-	\$ 10,716,000

**FY 2020
Beneficiary Summary**

	COMMON SCHOOLS	
SURFACE_LEASES	ACRES	INCOME
Agriculture	116,226	\$ 3,181,862
Commercial	14,483	\$ 21,140,003
Grazing	7,377,875	\$ 2,324,782
Rights Of Way	96,583	\$ 7,300,788
Use Permits	416,984	\$ 6,821,459
Institutional Taking	5,406	\$ 328,696
U.S. Government	16,590	\$ 173,196
Other	-	\$ 5,868,739
TOTAL SURFACE	8,044,147	\$ 47,139,526
SUBSURFACE_LEASES	ACRES	INCOME
Mineral	317,992	\$ 44,062
Prospecting Permit	741,416	\$ 275,457
Mineral Material	142,256	\$ 1,593
Oil & Gas	782,992	\$ 363,514
TOTAL SUBSURFACE	1,964,257	\$ 684,627
Penalty & Interest	-	\$ 280,158
Treasurer's Formula Distribution	-	\$ 342,218,178
GRAND TOTAL EXPENDABLE	10,008,404	\$ 390,322,489
Permanent Fund Receipts	-	\$ 103,833,262
Permanent Fund Balance (Book)	-	\$ 2,460,065,000
Permanent Fund Balance (Mkt)	-	\$ 5,633,891,000

RENTAL ACREAGE & RECEIPTS BY TYPE OF LEASE FY 2020

SURFACE_LEASES	ACRES	RECEIPTS
Agriculture	157,489	4,461,360
Commercial	70,430	25,512,139
Grazing	8,374,802	2,709,521
Rights of Way	112,662	7,768,884
Use Permits	472,784	9,555,945
Institutional Taking	12,685	418,406
U.S. Government	17,430	194,396
Other	-	5,869,007
TOTAL SURFACE	9,218,282	56,489,658
SUBSURFACE_LEASES	ACRES	RECEIPTS
Mineral	44,401	416,089
Prospecting Permit	289,109	770,895
Mineral Material	2,372	324,090
Oil & Gas	394,193	814,372
TOTAL SUBSURFACE	730,075	2,325,446
NON_LEASE_REVENUES	ACRES	RECEIPTS
Penalty & Interest	-	318,293
Sales Interest	-	14,874,275
Royalty	-	7,991,527
Land Sales Principal	-	115,964,192
Rights of Way Sales Principal	-	4,501,952
Fees	-	2,580,188
Commercial Prepayments	-	-
NonRevenue Receipts	-	977
TOATL NON_LEASE	-	146,231,403
GRAND TOTAL	9,948,357	205,046,507