



Bill Number: S.B. 1066

Finchem Floor Amendment

Reference to: FEDERALISM Committee amendment

Amendment drafted by: Leg Council

#### FLOOR AMENDMENT EXPLANATION

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1. Prohibits land in Arizona from being conveyed to a foreign entity that is hostile to the United States, rather than conditioning the conveyance on the majority approval of the Legislature.
2. Removes the identification submission requirements to the Arizona Department of Real Estate.
3. Defines a *foreign entity that is hostile to the United States* as a country that is identified by the United States Director of National Intelligence as a country that poses a risk to the national security of the United States in each of the three most recent annual threat assessments of the United States Intelligence Community issues pursuant to section 108B of the National Security Act of 1947.
4. Makes conforming changes.

FINCHEM FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1066  
(Reference to FEDERALISM Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute or previously enacted session law.  
[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.  
~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.  
~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.  
<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.  
~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.  
{ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.  
{Orange lowercase underlining in double curly brackets} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.  
~~{ORANGE UPPERCASE STRIKEOUT IN DOUBLE CURLY BRACKETS}~~ indicates that the amendment to an amendment is removing new text from statute or previously enacted session law.  
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≤≤Double orange underlined carets enclosing an entire section≥≥ indicate that the amendment to an amendment is adding the section to the bill.  
~~≤≤Orange strikeout with double orange underlined carets enclosing an entire section≥≥~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

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  
7 THIS STATE MAY NOT BE CONVEYED TO A FOREIGN ENTITY THAT IS HOSTILE  
8 TO THE UNITED STATES ~~{{WITHOUT MAJORITY APPROVAL OF BOTH THE SENATE~~  
9 ~~AND THE HOUSE OF REPRESENTATIVES.~~

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

1 ~~C. IDENTIFICATION SHALL BE DEEMED VALID UNLESS IT CAN BE~~  
2 ~~DETERMINED ON ITS FACE THAT THE IDENTIFICATION HAS EXPIRED}}.~~

3 ~~{{D.}} {{B.}} FOR THE PURPOSES OF THIS SECTION{{.}} {{-~~  
4 ~~1.}} "FOREIGN ENTITY {{THAT IS HOSTILE TO THE UNITED~~  
5 ~~STATES}}"~~ MEANS ~~{{A FOREIGN GOVERNMENT, A STATE-CONTROLLED~~  
6 ~~ENTERPRISE OF A FOREIGN GOVERNMENT OR AN ENTITY ACTING AS AN AGENT~~  
7 ~~FOR A FOREIGN GOVERNMENT OR STATE-CONTROLLED ENTERPRISE OF A FOREIGN~~  
8 ~~GOVERNMENT}} {{A COUNTRY THAT IS IDENTIFIED BY THE UNITED STATES~~  
9 ~~DIRECTOR OF NATIONAL INTELLIGENCE AS A COUNTRY THAT POSES A RISK TO~~  
10 ~~THE NATIONAL SECURITY OF THE UNITED STATES IN EACH OF THE THREE MOST~~  
11 ~~RECENT ANNUAL THREAT ASSESSMENTS OF THE UNITED STATES INTELLIGENCE~~  
12 ~~COMMUNITY ISSUED PURSUANT TO SECTION 108B OF THE NATIONAL SECURITY~~  
13 ~~ACT OF 1947 (50 UNITED STATES CODE SECTION 3043(b))}}.~~

14 ~~{{2. "VALID IDENTIFICATION" INCLUDES:~~

15 ~~(a) ANY DOCUMENT THAT BEARS THE PHOTOGRAPH, NAME AND ADDRESS~~  
16 ~~OF THE GRANTEE OR IF THE GRANTEE IS NOT A NATURAL PERSON, THE~~  
17 ~~GRANTEE'S AGENT.~~

18 ~~(b) AN ARIZONA DRIVER LICENSE, AN ARIZONA NONOPERATING~~  
19 ~~IDENTIFICATION LICENSE, A TRIBAL ENROLLMENT CARD OR ANOTHER FORM OF~~  
20 ~~TRIBAL IDENTIFICATION OR A UNITED STATES, STATE OR LOCAL~~  
21 ~~GOVERNMENT-ISSUED IDENTIFICATION.}}~~

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

24 37-231. State lands subject to sale; rights reserved in  
25 lands sold; state lands not subject to sale;  
26 development agreements

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

31 B. Any person over eighteen years of age is entitled to  
32 purchase any of the state lands EXCEPT AS PROVIDED IN SECTION  
33 37-240.

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

44 1. For the purpose of promoting the sale of state lands and  
45 the more active cooperation of the owner of the soil, and to  
46 facilitate the development of its mineral resources, the state  
47 constitutes the purchaser of the land its agent for the purposes

1 specified in this section, and in consideration hereof, relinquishes  
2 to and vests in the purchaser of the state land an undivided  
3 fifteen-sixteenths of all oil, gas and the value thereof which may  
4 be ~~upon~~ ON or within any state land purchased after July 9, 1954 and  
5 before March 18, 1968.

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

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

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

44 D. State lands known to contain oil, gases and other  
45 hydrocarbon substances, geothermal resources, coal or stone, metals,  
46 minerals, fossils and fertilizer of every name and description, in  
47 paying quantities, or uranium, thorium or any other material ~~which~~

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

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

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

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

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

10           37-240. Limits on sales of state lands; definition

11           A. ~~No~~ A person may NOT purchase more than six hundred forty  
12 acres of grazing land, ~~or~~ or more than one hundred sixty acres of  
13 agricultural land.

14           B. ~~No~~ Sales[. leases or subleases] of state lands ~~shall~~ MAY  
15 NOT be made to corporations or associations not qualified to  
16 transact business in ~~the~~ THIS state.

17           C. BEGINNING ON THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS  
18 SECTION, SALES OF STATE LANDS MAY NOT BE MADE TO A FOREIGN ENTITY  
19 THAT IS HOSTILE TO THE UNITED STATES ~~{{WITHOUT THE MAJORITY APPROVAL~~  
20 ~~OF BOTH THE SENATE AND THE HOUSE OF REPRESENTATIVES}}}~~.

21           D. FOR THE PURPOSES OF THIS SECTION, "FOREIGN ENTITY ~~{{THAT~~  
22 ~~IS HOSTILE TO THE UNITED STATES}}}~~" ~~{{MEANS A FOREIGN GOVERNMENT, A~~  
23 ~~STATE-CONTROLLED ENTERPRISE OF A FOREIGN GOVERNMENT OR AN ENTITY~~  
24 ~~ACTING AS AN AGENT FOR A FOREIGN GOVERNMENT OR STATE-CONTROLLED~~  
25 ~~ENTERPRISE OF A FOREIGN GOVERNMENT}}}~~ ~~{{HAS THE SAME MEANING AS~~  
26 ~~PRESCRIBED IN SECTION 33-459}}}~~.

27 Enroll and engross to conform

28 Amend title to conform

MARK FINCHEM

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