

THE ADMINISTRATION OF THE STATE  
AND SCHOOL LANDS IN ARIZONA

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THE ADMINISTRATION OF THE STATE AND SCHOOL LANDS  
IN ARIZONA

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CHAPTER I.

THE LANDS OF THE TERRITORY OF ARIZONA, 1863-1912.

Arizona, as have all of the other States of the Union admitted subsequent to the adoption of the Constitution of the United States, has obtained from the Federal Government, a large portion of the national domain located within the boundaries of the State. The lands granted to Arizona by Congress were for the support of the public schools and the various State institutions. Before discussing the present administration of these lands, a very important governmental function in Arizona, it is necessary to ascertain what lands were granted to the Territory of Arizona and the manner in which they were administered. As distinguished from the later land grants, which will be explained in the next chapter, and which granted land to the public schools and to each of the State institutions, those made when Arizona was a territory were solely for the support of the public schools and the University of Arizona. The importance of the lands granted to the Territory of Arizona is evident when consideration is given to the fact that a portion of these lands is still owned by the State and from which revenue is still derived.

From 1850 to 1863 Arizona was the western portion of the Territory of New Mexico, which was created by

Congress in 1850, and received from the public domain of the United States, sections sixteen and thirty-six of each township. The lands, so granted, were reserved by Congress for the use of the public schools of the Territory.<sup>1</sup> Arizona remained a part of the Territory of New Mexico until 1863, at which time Congress established the Territory of Arizona, provision was made whereby the Congressional enactment, which created the Territory of New Mexico, was extended and made applicable to the newly created Territory of Arizona. By such an application, Arizona received sections sixteen and thirty-six of each of the townships for public school purposes.<sup>2</sup>

Congress, in 1862, enacted the Morrill Land Grant Act, the purpose of which was to grant public lands to the States for colleges of agriculture and mechanic arts. Each State was apportioned a quantity of land equal to thirty thousand acres for each senator and representative in Congress,<sup>3</sup> but this allotment was not made available to the territories. Thus, the Territory of Arizona, as such, received no land from this particular land grant.<sup>4</sup> Provision was made for the establishment of the University of Arizona by an Act of the Legislative Assembly of Arizona in 1865.<sup>5</sup> However, the only appropriation made for the erection and for the maintenance of the university was to con-

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1. Thorpe, F. N., Constitutions and Charters, Vol, 5, p. 2621.
  2. Ibid., Vol. 1, p. 260.
  3. U. S. Bureau of Education, Federal Laws, Regulations, and Rulings Affecting Land Grant Colleges, Morrill Land Grant Act, sec. 1.
  4. Memorial of the Arizona Legislative Assembly to Congress, 1873.
  5. Arizona Territorial Legislative Assembly, Howell Code, 1865, ch. 23, sec. 1.

sist of the proceeds from the sales of lands not yet granted<sup>6</sup> to the Territory by Congress for university purposes. Because no lands were available, the legislative provision was impossible of fulfillment in the immediate years subsequent to 1865. It was not until 1885 that the Legislative Assembly made provision for the organization of the University of Arizona. In the meantime Congress had appropriated land for university purposes.<sup>7</sup> (This land grant will be explained later in the chapter.)

By authority of the Act of Congress of 1881,<sup>8</sup> the Territory of Arizona was the recipient of seventy-two "entire sections of the unappropriated lands" of the United States for university purposes. These lands were to be withdrawn from sale and selected under the directions of the Secretary of the Interior subject, however, to the approval of the President of the United States. The lands, so appropriated, were not to be available for the use of the University of Arizona until the admission of Arizona as a State into the Union.<sup>9</sup>

Certain restrictions pertaining to the administration of the university lands were imposed upon the Territory of Arizona by the Act of 1881. The lands were made subject to sale only at public auction to be held subsequent to an appraisalment by the Secretary of the Interior. The lands

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6. Ibid., ch. 23, sec. 4.

7. Laws of the Territory of Arizona, 1885, no. 99, sec. 28.

8. Dakota, Montana, Idaho, Wyoming, as well as Arizona, each received equal quantities of land.

9. United States Statutes at Large, 46th Congress, 1879-1881, Vol. 21, ch. 61, p. 326.

were not salable for less than their appraised value.<sup>10</sup> The university fund consisted of all the money derived from the sale of the lands and was subject to investment only in the bonds of the United States. The fund was not eligible for expenditure for the maintenance of the university until it amounted to fifty thousand dollars, and, when this amount was accumulated, only the interest could be used. In case the fund exceeded one hundred thousand dollars, the excess could be used for the<sup>11</sup> maintenance purposes.

In 1882, the Superintendent of Public Instruction made the necessary selections of the university lands and forwarded his report to the Land Commissioner of the United States.<sup>12</sup> The land selected consisted of certain sections in the northeastern portion of Yavapai County and was covered with fine pine timber. The authorities of the Land Office of the United States informed the Superintendent of Public Instruction that the selections, made by the latter, had been approved and<sup>13</sup> withdrawn from the market.

From 1873 to 1896, the Governors and the successive Legislative Assemblies of the Territory of Arizona constantly advocated and requested that Congress grant to the

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10. Ibid.

11. Ibid.

12. Murphy, N. O., Report of the Governor of Arizona to the Secretary of Interior, 1891, p. 28.  
Tritle, F. A., Message of the Governor of Arizona to the Twelfth Legislative Assembly, 1883.

13. Tritle, F. A., Message of the Governor of Arizona to the Thirteenth Legislative Assembly, 1885.

Territory the authority to sell, lease, and otherwise administer the grants of land. In accordance with the request of the Governor,<sup>14</sup> the Legislative Assembly in a memorial addressed to Congress in 1873, called attention to the several grants of land and stated

"....that, in the infant establishment of free schools with limited means, the necessity for the benefits of the proceeds of the sales of said lands are more urgent than at a later period."<sup>15</sup>

The memorial concluded with the demand that the Territory be given the legal authority to sell and to use the interest earned by the proceeds from the sales of lands for the support of the public schools.<sup>16</sup>

Governor F. A. Tritle's reports to the Secretary of the Interior of 1883,<sup>17</sup> 1884,<sup>18</sup> and 1885<sup>19</sup> on educational matters and school lands each contained the following description of the then existing situation and suggestions for Congressional legislation:

"I would suggest for the consideration and action of Congress that the same advantages in reference to the disposition of the 'sixteenth and thirty-sixth sections in every township of our public lands, granted to assist in defraying educational expenses', now enjoyed by the States, be granted to the Territories as well. Being deprived of this great advantage on account of our Territorial condition, the expense of our educational system falling upon our citizens by direct taxation is burdensome. It may be many years before our population will warrant

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14. Safford, A. P. K., Message of the Governor of Arizona to the Seventh Legislative Assembly, 1873.
  15. Memorial of the Arizona Legislative Assembly to Congress, 1873.
  16. Ibid.
  17. Tritle, F. A., Report of the Governor of Arizona to the Secretary of Interior, 1883, p. 12, 13.
  18. Ibid., 1884, p. 531.
  19. Ibid., 1885, p. 17.



admission as a State, yet our educational interest must not be neglected. I...urge such favorable legislation as will place us on an equal footing with the States of the Union in this particular. I would also suggest that as a large proportion of the...school lands fall upon desert and mountainous localities, and are worthless, some provision should immediately be made by Congress whereby the Territory should be enabled to select other lands--valuable sections--in lieu of the worthless ones, as was done in the case of the State of Nevada. If this is not done, the settlers by pre-emption and other methods, will appropriate all the desirable land in the Territory, and the school fund will be so insignificant when we become a State as to be of little value to our citizens."

The Governors in their messages of 1883,<sup>20</sup>  
1885,<sup>21</sup> 1889,<sup>22</sup> 1891,<sup>23</sup> and 1895<sup>24</sup> to the Legislative Assemblies suggested that Congress be memorialized in favor of authorizing the Territory of Arizona to sell school lands. Accordingly, memorials were sent to Congress in 1883<sup>25</sup> and 1885<sup>26</sup>. In addition the memorial of 1885 pointed out the necessity for the sale of university lands in order to make possible and to facilitate the erection and the maintenance of the University of Arizona.

Similar requests were addressed by the Governors of the Territory of Arizona to the Secretary of the

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20. Tritle, F. A., Message of the Governor of Arizona to the Twelfth Legislative Assembly, 1883.
  21. Tritle, F. A., Message of the Governor of Arizona to the Thirteenth Legislative Assembly, 1885.
  22. Zulick, C. Meyer, Message of the Governor of Arizona to the Fifteenth Legislative Assembly, 1889.
  23. Murphy, N. O., Message of the Governor of Arizona to the Sixteenth Legislative Assembly, 1891.
  24. Hughes, Louis C., Message of the Governor of Arizona to the Eighteenth Legislative Assembly, 1895.
  25. Memorials of the Arizona Legislative Assembly to Congress, March 6, 1883, and March 7, 1883.
  26. Ibid., 1885.

Interior in 1887,<sup>28</sup> 1889,<sup>29</sup> 1890,<sup>30</sup> and 1892.<sup>31</sup> That of 1887 also revealed that the school lands were being "denuded of timber."<sup>32</sup> In 1889 it was reported that the "right to lease and receive revenue...might safely be given."<sup>33</sup>

Congress did not act until 1896, at which time the lands, reserved for school and university purposes, were made eligible for lease under the laws and regulations to be prescribed by the Legislative Assembly of Arizona subject, however, to certain restrictions imposed by Congress. Pending legislative action, the Governor, the Secretary of the Territory, the Superintendent of Public Instruction were to constitute a board for the leasing of the lands under the rules and regulations of the Secretary of the Interior who, in addition,<sup>34</sup> was to pass upon all leases for approval or rejection.

This board leased no land. The Governor

"thought that if the board were to make rules and regulations of which the Legislature disapproved, interminable confusion might ensue."<sup>35</sup>

Congress imposed on the Territory of Arizona certain restrictions relative to the leasing of the lands. All necessary expenses incurred in the administration of the lands

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28. Zulick, C. Meyer, Report of the Governor of Arizona to the Secretary of Interior, 1887, p. 8, 9.
  29. Wolfley, Lewis, Report of the Governor of Arizona to the Secretary of the Interior, 1889, p. 16, 17.
  30. Murphy, N. O., Report of the Governor of Arizona to the Secretary of Interior, 1890, p. 28.
  31. Ibid., 1892.
  32. Zulock, op. cit., 1887.
  33. Wolfley, op. cit., 1889.
  34. United States Statutes at Large, 54th Congress, 1895-1897, Vol. XXIX, ch. 95.
  35. Franklin, Benj. J., Message of the Governor of Arizona to the Nineteenth Legislative Assembly, 1897.

were to be paid out of the proceeds derived from the leases. The timber on leased land was not to be molested. No person, corporation, or association could legally lease more than one section of land. The duration of leases was five years.<sup>36</sup> Moneys derived from the leases of school lands were to be used exclusively for public school purposes. The proceeds from the leases of university lands likewise were to be used by the institution for which the lands were granted.<sup>37</sup>

The Boards of Supervisors of the counties of the Territory of Arizona were, in 1897, empowered by the Legislative Assembly to control and lease all the university and school lands located within their respective counties.<sup>38</sup> In doing so, the Boards of Supervisors were subject to certain regulations imposed by the Legislative Assembly which were an addition to those laid down by Congress. A complete record of its proceedings, in regard to school lands, was required of the Boards of Supervisors. The annual reports of the Boards of Supervisors to the Territorial Treasurer included the amount of lands leased, the values of the lands, the expenses incurred in the administration of the lands, and the amounts of money turned into each the school and the university funds.<sup>39</sup>

Actual settlers, who had previously occupied the school and university lands, were given the preferred right

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36. The leases were to expire upon the admission of Arizona as a State.

37. United States Statutes at Large, op. cit., Vol. XXIX, ch. 95.

38. Laws of the Territory of Arizona, 1897, no. 69, sec. 1.

39. Ibid., no. 69, sec. 1, 2, 18, 19.

to lease.<sup>40</sup> This concession was granted the settlers at the request of the Governor who called attention to the necessity of protection for those who had occupied the lands for many years and had reclaimed the lands from the desert.<sup>41</sup>

The receipts from school land rentals, deposited by each of the Counties to the credit of the Territorial School Fund of the Territorial Treasury, increased annually from 1900 to 1908. The total receipts for the year 1900 exceeded \$4000, while those for 1908 exceeded \$16,500.<sup>42</sup>

In 1909 the Legislative Assembly abolished the Territorial School Fund. Thereafter, the Boards of Supervisors turned the receipts from the school lands into the County Treasuries. The County Treasurers apportioned the revenues among the school districts.<sup>43</sup>

In connection with the administration of the school lands, that of Pima County will be discussed for the reasons that it is more or less typical as a County of Arizona and because of the availability of the records to the writer. Although the Board of Supervisors of Pima County was given the authority to lease school and university lands by the law of March 18, 1897, this body took no action to exercise its authority until more than thirteen months later. On April 30, 1898, an appointee of the County Superintendent of Schools appeared before the Board. He had been appointed by the Superintendent to assist in the leasing of the school

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40. Ibid., no. 69, sec. 4

41. Franklin, op. cit.

42. Computed from The Reports of the Territorial Treasurer of Arizona, 1900 and 1908.

43. Laws of the Territory of Arizona, 1909, ch. 66, sec. 1.

and university lands. He was directed to prepare a list of<sup>44</sup> all occupants of such lands. One week later, the list was received and accepted.<sup>45</sup> The occupants were notified to make application to the Board for leases.<sup>46.</sup> The Board approved or rejected the applications for leases.<sup>47</sup> If approved, the leases were issued bearing the signature of the Chairman and the Clerk of the Board. The average rental fee for 640 acres, valued at \$1.25 per acre, was \$20.00 per year.<sup>48</sup>

The receipts from school land rentals of Pima County, which were deposited to the credit of the Territorial School Fund, increased annually during the period from 1900 to 1908. Those of 1900 totaled \$107 compared to \$295 for 1908.<sup>49</sup>

While the proceeds from the lands of the Territory of Arizona were not of particular importance, nevertheless these lands were later to become a part of those of the State of Arizona, at the time of her admission as a State into the Union in 1912. The sole land grants by the United States, during the Territorial period, were those of the grant of sections sixteen and thirty-six for public school purposes and the grant of seventy-two sections of land for the use of the University of Arizona. At first, the Territory had no

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44. The list of occupants was compiled from the records of the assessor.
45. Proceedings of the Pima County Board of Supervisors, April 30, 1898.
46. Ibid., May 7, 1898.
47. Ibid.
48. Ibid., October 18, 1898.
49. Computed from The Reports of the Territorial Treasurer of Arizona, 1900 and 1908.

power to administer the school lands. This was not granted until 1896, and then subject to a number of restrictions and positive requirements, which Congress deemed necessary for the protection of the lands and the revenue therefrom. The Legislative Assembly of Arizona made provision for a decentralized administrative system by vesting the powers of administrations in the various Boards of Supervisors.

The foregoing presents the land situation of the Territory of Arizona. Most important of all grants of land is that made by the Enabling Act of 1910. The next chapter will be concerned with this grant and the State Land Commission, the first land administrative body of the State of Arizona.

## CHAPTER II.

### THE LEGAL BASIS FOR THE ADMINISTRATION OF THE STATE AND SCHOOL LANDS OF ARIZONA; THE STATE LAND COMMISSION, 1912-1915.

In 1912 Arizona was admitted as a State into the Union. This <sup>change</sup> ~~of legal~~ status from a Territory to a State, necessitated alterations in the governmental structure and organization, hence in the method of land administration. The change in land administration also was made necessary by the acquisition of large additional amounts of lands from the public domain of the United States. Arizona was in possession of a vast area, which could be administered properly and efficiently only by a centralized system, for all lands in place of the decentralized system, by which the lands had been administered by the various Boards of Supervisors. Centralization was the dominant feature of the State Land Commission.

The Enabling Act for Arizona<sup>1</sup>, approved June 20, 1910, granted a share of the proceeds from the sale of the public lands of the United States for the support of the common schools of the State of Arizona; granted the lands of the Territory of Arizona<sup>2</sup> to the State of Arizona; granted certain additional sections of land in each township for the support of the common schools; and granted a total of 2,350,000 acres of land to the various State institutions of Arizona.<sup>3</sup> Such a

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1. This Enabling Act applied to New Mexico as well as to Arizona.
  2. See Chapter I for the lands of the Territory of Arizona.
  3. United States Statutes at Large, 61st. Congress, 1909-1911, ch. 310, sec. 24, 25, 27, 28.

summary of the land grants should convey an idea of the magnitude of the lands of which Arizona was the recipient upon its admission as a State into the Union.

Arizona was authorized to receive a share amounting to five per cent of the proceeds from the sale of the public lands of the United States located within the State of Arizona. The amount was to be computed after the deduction of the expenses incident to such sales. This share was to be paid into a permanent inviolable fund for the exclusive use of the support of the common schools. The State of Arizona was the recipient of the lands previously granted to the Territory of Arizona. These lands were to be administered in conformity with the provisions of the Act of Congress by which the Territory of Arizona had been given certain powers of administration in 1896.<sup>4</sup>

In addition to sections sixteen and thirty-six granted to the Territory of Arizona in 1863, sections two and thirty-two in each township were also granted for the support of the common schools. Sections situated within national forests were not to be vested in the State until the national forests were restored to the national domain. Provision, however, was made whereby the State received a portion of the revenues received from the national forests by the United States. The basis for the calculation of the portion, receivable by Arizona, was made dependent upon the area of school lands located within the national<sup>5</sup> forests in

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4. Ibid, ch. 310, sec. 27, 28. See Chapter I, p.

5. Ibid., ch. 310, sec. 24.



proportion to the total area of the forests.

The institutions of the State of Arizona were granted certain specific amounts of land.<sup>6</sup> The university was granted two hundred thousand acres of land; legislative, executive, and judicial buildings, one hundred thousand acres; penitentiaries, one hundred thousand acres; insane asylum, one hundred thousand acres; school and asylum for the deaf, dumb, and blind, one hundred thousand acres; miners' hospitals,<sup>7</sup> fifty thousand acres; normal schools, two hundred thousand acres; State charitable, penal, and reformatory institutions, one hundred thousand acres; agricultural and mechanical colleges, one hundred and fifty thousand acres; and for the payment of railroad bonds issued by Maricopa, Pima, Yavapai, and Coconino counties,<sup>8</sup> one million acres. One million acres were granted to these counties to facilitate the payment of bonds, which had been issued for the construction of certain railways, which turned out to be poor investments. Nevertheless, the counties were responsible for the repayment of the money borrowed. The following indicates the legal status of these bonds. In 1890, Congress empowered the Territory of Arizona to issue coupon bonds, the function being given to the

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6. The lands so granted were not to be used for the support of any sectarian or denominational school, college, or university. Ibid., ch. 310, sec. 26

7. For disabled miners.

8. In case the land granted to the counties was excessive for its purpose, the excess was to become a part of that land for the support of the common schools. Ibid., ch. 310, sec. 25.

Loan Commissioners of the Territory, which consisted of the Territorial Governor, the Territorial Auditor, and the Secretary of the Treasury.<sup>9</sup>

"The purpose of the law (Funding Law of 1890), according to the Senate Report, "was to effect an annual saving in the interest and to place the Territory upon a cash basis. The floating indebtedness of the Territory represented by warrants bore ten per cent, and upon that indebtedness an immediate saving was had of five per cent. The average rate of interest on the bonded indebtedness of the Territory was eight per cent, and the operation of the law effected a saving of three per cent upon all indebtedness funded." 10

In 1896, Congress authorized the extension of the process of funding, by the issuance of bonds, to the outstanding obligations of the counties, municipalities, and school districts of the Territory. The one million acres of land, granted by the Enabling Act, for the payment of the railroad bonds issued by Maricopa, Pima, Yavapai, and Coconino Counties, was made applicable to the payment of bonds issued in accordance with the Act of Congress of 1896.<sup>11</sup>

Concerning the importance of the lands, Governor George W. P. Hunt wrote to the State Legislature

"...that under the terms of the Enabling Act, Arizona is the grantee of an immense area of the unappropriated public domain, amounting in round figures to more than five million acres....Approximately one half of this grant is for the benefit of the State's common schools'

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9. Ibid., 51st Congress, 1889-1891, Vol. XXVI, par. 2039, 2040, sec. 1, 2.

10. Senate Reports, 54th Congress, 1895-1896, no. 1022. Mr. Murphy, the delegate from Arizona to the House of Representatives of the United States, confirmed the statement concerning the saving of interest by the Territory. Congressional Record--House, June 1, 1896.

11. United States Statutes at Large, 54th Congress, 1895-1897, ch. 339, sec. 1, 2.

system, while the balance is so divided as to form the foundation of separate funds for various State institutions--educational, reformatory, penal, and charitable. In dollars and cents this inheritance represents an immense fortune for the State. In the possibilities its wise and judicious handling will present, it means advantages for the present and succeeding generations which cannot be estimated." 12

Congress, by means of the Enabling Act, placed restrictions upon the State of Arizona to govern the administration of the State and school lands. In addition to being "a matter of mere business wisdom" these precautions were taken because of previous experience with Territorial and State land administration as is evident by the following statement of Mr. Beveridge, the then Chairman of the Senate Committee on Territories:

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"Of course this is not without precedent. We have thrown conditions around land grants in several States heretofore, notably in the case of Oklahoma, but not so thorough and complete as this. The reason why it was thought necessary to do this...was the unfortunate experience that occurred in the Territory of New Mexico a few years ago, where the land grant of timber of 1898 was, as the Department of Justice thought, after careful investigation, grossly and fraudulently violated.

"The result was that a great deal of that valuable timber was sold at an absurd sum, and the Government, after careful investigation, began suits...against corporations and parties, and the Territory itself has been made a party."

The conditions, laid down by the Enabling Act, related to the sale and the lease of lands, the relinquishment of lands by the State to the United States, and to

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12. Hunt, George W. P., Message of the Governor to the First Legislature of Arizona, 1912, p. 13, 14.

13. Congressional Record--Senate, March 21, 1910.

mortgages. The following procedure was prescribed for the sale and the lease of lands. The lands were not to be sold or leased except at public auction to the highest bidder.<sup>14</sup> Notice of public auction was required by advertisement setting forth the nature, time, and place of the sale, together with a complete description of the lands offered. The lands and products were not to be sold for less than their appraised values. The legal minimum price for lands was three dollars per acre and for lands susceptible of irrigation, twenty-five dollars per acre. No mortgage nor any other incumbrance on the lands were to be valid in favor of any person, for any purpose, or under any circumstance.

At the command of the Secretary of the Interior of the United States, the State of Arizona could be required to relinquish lands to the United States for irrigation work in connection with any government project. The United States retained the title to "all lands actually or prospectively valuable for the development of water power or power for hydro-electric use or transmission." In lieu of these lands acquired or retained by the United States, other lands were to be granted to the State.<sup>15</sup>

The State of Arizona was required to create a separate fund for each of the objects for which the grants

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14. The advertisement was to be published once each week for ten successive weeks in a newspaper of general circulation published at the State Capital and in a local newspaper nearest the lands offered for sale.

15. United States Statutes at Large, 61st Congress, 1909-1911, ch. 310, sec. 28.

were made and the State Treasurer was required to deposit the proceeds derived from the lands, in the appropriate fund. Money was not to be transferred from one fund to another. With the approval of the Governor and the Secretary of the State, the moneys were to be invested in safe interest-bearing securities. The Attorney-General of the United States was authorized to enforce the Enabling Act.<sup>16</sup>

In addition to the foregoing restrictions and conditions of the Enabling Act, the Constitutional Convention of Arizona of 1910 thought it desirable to lay down certain additional ones. These were made applicable to all the lands possessed by the State. Actual bona fide lessees were given preference for the renewal of leases. They were to be reimbursed for the improvements placed on the lands.<sup>17</sup> The Constitutional Convention was the scene of a discussion concerning the question of the Constitutional authorization of the sale of lands. Those delegates who favored the sale of lands presented the following arguments to support and to show the desirability of their contention:

- (1) that the proceeds from the sale of lands were necessary if the institutions, for which the lands were granted, are to be built; and,
- (2) that the sale of lands was essential if Arizona was to be populated.

The delegates who opposed the Constitutional authorization

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16. Ibid.

17. Constitution of Arizona, art. 10, sec. 9, 10. The Constitution did not set a date for the reimbursement of the owners of improvements. The owners were merely granted the right to be entitled to such reimbursement.

of the sale of lands argued:

- (1) that the school lands should never be sold;
- (2) that there was no necessity for the sale of lands because Arizona had one of the best school systems in the country; and,
- (3) that there was a possibility that the lands would double in value. 18

As finally adopted the Constitution provided for the sale of lands. No individual, corporation, or association could, however, legally purchase more than one hundred and sixty acres of agricultural land or more than six hundred and forty acres of grazing land. <sup>19</sup> In regard to this provision, limiting the amount of land salable to one party, there was a difference in opinion. The argument for this provision was that one hundred and sixty acres of irrigable land was sufficient for any one party and that should more be desired, the land could be purchased from another party. The opposing arguments were that the State should have the legal authority to sell land for high prices to large land companies and that the provisions of the Enabling Act contemplated no such <sup>20</sup> limitation.

The Constitutional Convention refused to accept a proposal concerning the mineral deposits underlying State lands. This proposal

"provided that the right and title to mineral deposits underlying any State lands shall forever be

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18. Verbatim Report of Arizona Constitutional Convention, 1910, Vol. III, Proceedings of Nov. 26, 1910.
  19. Constitution of Arizona, art. 10, sec. 11.
  20. Verbatim Report of Arizona Constitutional Convention, 1910, Vol. III, Proceedings of Nov. 26, 1910.

retained in the State, and that at least seven per cent of all mineral deposits hereafter taken from such land must be paid to the State by any lessee thereof." 21

The general opinion of the members of the Convention was that the mines paid their just share of the taxes.<sup>22</sup>

In his message to the State Legislature in 1912, Governor Hunt called attention to the fact that the State lands had not been selected from the public domain of the United States as provided for by the Enabling Act, which had delegated this function to the State officials, namely, the Governor, the Attorney-General, and the Surveyor General. At this time Arizona had no Surveyor General. The Governor suggested that the duties of this official be taken over by the State Engineer and that a commission, consisting of the three State officials named by the Enabling Act and one additional member,<sup>23</sup> be created.

The State Legislature, by the Act of May 20, 1912, created a temporary administrative body officially known as the State Land Commission. Its membership consisted of the three ex-officio members--Governor, Attorney-General,<sup>24</sup> and the State Engineer--and three members appointed by the Governor. The Commission selected its own chairman and secretary from its membership. The Chairman exercised the powers of surveyor general.<sup>25</sup>

It was made the duty of the State Land

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21. Ibid.

22. Arizona Daily Star, Nov. 27, 1910.

23. Hunt, op. cit., p. 14, 15.

24. The ex-officio members received no additional salary.

25. Session Laws of Arizona, 1912, ch. 79, sec. 1, 6, 7.

Commission thoroughly to examine the lands belonging to the State of Arizona and to make a record of such examination so that the value and character of the lands could be ascertained. On the basis of this examination the lands were to be classified according to such categories as timber, agricultural, and mineral. In the Commission's report to the Governor, lands were to be recommended for selection, The Commission's final report to the Governor was submitted by the latter to the State Legislature so as to make possible the formulation of a permanent policy for the administration of the State Lands.<sup>26</sup>

The value of the improvements on the State and school lands, under leases, were to be determined. The Commission was required to report the appraisements of the improvements to the Governor and the Legislature so as to enable the latter to provide a method for managing the lands and to facilitate the "equitable adjustment" of the "reciprocal rights" of both the lessees and the State. Power was given the State Land Commission to summon witnesses and to require them to produce documents, records, books, or papers relating to any subject within the jurisdiction of the Commission to investigate.<sup>27</sup> Each member of the Commission was authorized to administer oaths to witnesses. Upon the request of the Commission, the Boards of Supervisors were to furnish all information on any matter relating to the duties of the Commission.

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26. Ibid., chp. 79, sec. 4.

27. The Commission could also have depositions of witnesses taken.



Authorization was given the Commission to lease school and university lands to bona fide residents of such lands. The Boards of Supervisors issued permits and determined the rental fees for the lands within their respective counties.<sup>28</sup>

Several miscellaneous duties were imposed upon the Commission. The Board of Control was the recipient of a lease of land for the Prison Farm.<sup>29</sup> It was the duty of the Commission to select sites for wells on lands, acquired by the State, within the Colorado River Indian Reservation.<sup>30</sup> After the selection of the sites, the wells were to be drilled and their capacities measured.<sup>31</sup>

In administering the State and school lands, the State Land Commission, according to its own report, constantly adhered to the law. The records were designed and formulated so that practically any information regarding the different phases of the lands could be derived therefrom. Instead of devoting each trip for the examination of lands, to one purpose, several purposes were proposed for each trip.<sup>32</sup> In addition to the records made, photographs were taken.

Concerning the importance of the Commission, its work, and its handicaps, Governor Hunt wrote to the Legislature that,

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28. Session Laws of Arizona, 1912, ch. 79, sec. 5.  
29. Session Laws of Arizona, 1913, Third Special Session, ch. 86, sec. 1.  
The minimum rental fee was twenty-five cents per acre.  
30. Yuma County, Arizona.  
31. Session Laws of Arizona, 1915, ch. 29, sec. 4.  
32. Report of the State Land Commission, 1912-1914, p. 9.

"From a conservative standpoint, the State Land Commission is of the utmost importance. It is charged with a duty, the proper performance of which will mean more to the State in years to come, in the reduction of taxes and the making of homes for citizens of a prosperous commonwealth, than can possibly be estimated. The Commission is operating under imperfect, immature, and totally inadequate laws, but the members have a thorough conception of the magnitude of their mission--a conception extending far beyond the letter of the law--as will appear from a careful reading of the Commission's extended and elaborate reports submitted to me from time to time, are working vigorously toward the fulfillment of that mission." 33

The present and the previous chapters have discussed the land situation in Arizona prior to 1915. At this point it is appropriate to turn to the present administration of the lands.

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33. Hunt, Message of the Governor to the First Legislature of Arizona, Third Session, 1913, p. 27.

CHAPTER III

THE STATE LAND DEPARTMENT AND THE SELECTION AND APPRAISEMENT  
OF STATE LANDS

The State Land Commission, which was established in 1912, was, as has been explained, a temporary administrative body created primarily for the purpose of conducting an examination of the State lands so that the State Legislature could formulate a permanent policy for State land administration.<sup>1</sup>

The Commission pointed out the "imperative necessity" for the creation of a permanent State Land Department. Their suggestion was

"that all duties and responsibilities directly or indirectly connected with the lands of the State as they affect the State government's interests, should be concentrated in and imposed upon the State Land Department. By such concentration division of authority will be obviated, conflicting policies prevented, promptness of action secured, and the maximum of economy arrived at by the utilization of one organization and one set of records."<sup>2</sup>

It was also suggested by the Commission,

"that no obstacle should be placed in the way of a systematic segregation of the work of the Department into logical divisions, each to be directly presided over by a Commissioner....The importance of this will readily be recognized when consideration is given to the different activities of the Department, both in the field and in the office."<sup>3</sup>

Governor Hunt, in his proclamation ordering the convening of the Second Special Session of the Second Legislature of Arizona in 1915, also pointed out the need for legislation

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1. Report of the State Land Commission, 1912-1914, p. 163.
  2. Ibid., p. 164.
  3. Ibid., p. 164.

for the administration of the State and school lands.<sup>4</sup>  
Accordingly, the much needed legislation was approved on June 26, 1915. This Act, as amended by subsequent legislation, constitutes the legal basis for the present administrative system for the State and School lands of Arizona.

It is proposed by the writer to discuss the various aspects and phases of the present administration of the State and school lands, devoting one chapter to each of the following:

1. The State Land Department and the selection and appraisement of State Lands.
2. The lease and the sale of State lands.
3. The administration of the finances of the State and school lands.

The State Land Department, perhaps naturally, considers itself to be the most important Department of the State of Arizona.<sup>16</sup> Whether or not this opinion is valid, all evidence seems to point to the conclusion that the State Land Department does have a position of importance, occupying, as it does, a considerable portion of one floor of the Arizona State Building,<sup>7</sup> and employing a number of men and women to assist in the task of administration. Its membership is ex-officio, consisting of the Governor, the Attorney-

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4. Hunt, George W. P., Governor's Proclamation Ordering the Second Legislature to Convene in Special Session, May 28, 1915.
  5. Arizona Daily Star, June 22, 1915.
  6. Hudson, Carroll, Interview with the Deputy State Land Commissioner.
  7. Phoenix, Arizona.

General, the Secretary of State, the State Treasurer, and the State Auditor. The Governor is the Chairman of the Department. Monthly meetings are held at which time disputes and grievances and other matters pertaining to State land administration are heard and decided by the Department. The chief administrative officers of the State lands, whose work is directly concerned with the administration, are the State Land Commissioner and the Deputy State Land Commissioner. The State Land Commissioner is an appointee of the Department to whom he is responsible for his acts and by whom he can be removed from office. The Deputy State Land Commissioner, who is the secretary of the Department and who may exercise all the powers conferred upon the Commissioner, is appointed to and can be removed from office by the Commissioner.<sup>8</sup> There are certain assistants, whom the Commissioner appoints, to assist in the duties pertaining to land administration. These include the chief accountant, the cashier, the bookkeeper, the assistant bookkeeper and secretary, eight clerks, three stenographers, three engineers and appraisers, the real estate secretary, lumbermen, and five guards.<sup>9</sup>

It is apparent that a direct line of responsibility exists between the subordinate employees, including the assistants and the Deputy State Land Commissioner, and the State Land Commissioner, and thence to the State Land Department.

It is the duty of the Commissioner to present semi-annual reports to the Department. These re-

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8. Session Laws of Arizona, 1919, ch. 52, sec. 1.

9. Ibid., 1931, ch. 113.

show all the selections of lands made, all the investments of funds, and an itemized list of all the expenditures incurred during the preceding six months.<sup>10</sup> At the present time, the two semi-annual reports are combined and printed for distribution as an annual report.<sup>11</sup> An objectionable characteristic of the reports is their lack of uniformity in form and contents from administration to administration. With each change of the Land Commissioner there is almost invariably a change in form and substance of the reports.

To all the instruments of conveyance, leases, certificates, and other written documents, the State Land Commissioner affixes his seal with his signature. A document, bearing the impression of the seal and the signature of the Commissioner, can be legally admitted as evidence in the courts of the State of Arizona.<sup>12</sup>

With the approval of the State Land Department, the Commissioner can, if necessary to protect the interests of the State in the lands and products, commence and prosecute both civil and criminal suits at law. In respect to the State lands, the Commissioner defends all the suits brought against the State and its officers. All actions

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10. Session Laws of Arizona, 1915, Second Special Session of Second Legislature, ch. 5, sec. 6.
  11. Reports of the State Land Commissioner, 1915 to 1932.
  12. Session Laws of Arizona, 1915, Second Special Session of Second Legislature, ch. 5, sec. 7.

are brought in the name of the State by the Attorney-General, by a county attorney, or by special counsel under the direction of the Attorney-General. Warrants and legal notices are served upon the Commissioner. The Commissioner, the Deputy Commissioner, or the county sheriffs may serve the warrants and legal notices for the State. All the communication between the State and the United States, regarding the State lands or the interest of the State in the public lands of the United States located within Arizona, is carried on by the Commissioner.<sup>13</sup>

The Commissioner has the legal authority to summon the appearance of witness to give testimony, and to produce records, books, papers, and other documents concerning any subject within his power to investigate.<sup>14</sup> It is the duty of the county officials to furnish all the information requested by the Commissioner.<sup>15</sup>

As will be pointed out later, the selection of the lands from the public domain has been an important function, however, the lands have, for the most part, been selected. It is the duty of the Commissioner thoroughly to examine the public lands so as to make possible the selection of the lands granted to Arizona by the Enabling Act. To this end, the Commissioner is required to prepare all papers and documents incident to the selection of lands. The actual selection of lands is made by the Selection Board, composed

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13. Ibid., ch. 5, sec. 8.

14. The Commissioner may also have depositions taken.

15. Ibid., ch. 5, sec. 9.

of the Governor, the State Land Commissioner, and the Attorney General. Only the lands chosen and recommended by the Commissioner<sup>16</sup> for selection are selected.

In addition to its function of making the selections, the Selection Board designates and apports the lands to the various funds. Such selected lands are "so apportioned among the various grants (funds) that each receive as nearly as possible its pro rata share of the different classes of land selected."<sup>17</sup> All of the lands so selected and apportioned are designated on the books, maps, and plats of the Commissioner as belonging to the funds of the institutions to which their proceeds will be credited.<sup>18</sup>

Immediately subsequent to the selection, the Commissioner classifies the lands on the plats, maps, and books of his office. This classification shows:<sup>19</sup>

1. Lands suitable for agriculture
2. Lands suitable for grazing
3. Lands containing timber, stone, and other valuable products
4. Lands which may become agricultural lands by a reasonable expenditure for the development of water.

The fees and expenses necessary for the selection of lands are paid from the general fund upon warrants made out by the State

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16. Ibid., ch. 5, sec. 12.

17. The selection Board can reconvey to the United States any land erroneously listed to the name of the State or land upon which a settler has a bona fide claim.

18. Ibid., ch. 5, sec. 13.

19. Ibid., ch. 5, sec. 14.

20. Ibid., ch. 5, sec. 15.



Auditor and approved by the State Land Commissioner.

Most of the lands granted by the Enabling Act have been selected. The acreage of the lands granted totaled 2,446,080. From 1915 until June 30, 1932, 2,442,667 acres were selected, leaving only 3,402 acres remaining un-<sup>21</sup>selected.

Appraisements of State lands and improvements are necessary for their sale by the State. The appraisements are made by three appraisers, one is appointed by the Commissioner, one by the Governor, and one by the Board of Supervisors of the county in which the lands to be appraised are located. Salaries and expenses of the appraisers are paid<sup>22</sup> from the State land administration fund. Appraisements are made by the order of the Commissioner. His order for an appraisement is a written notice sent to the State appraisers and the Board of Supervisors and contains a description of the land to be appraised, the names and addresses of the applicants to purchase or lease, the owner of the improvements, and the statement as to whether the appraisement is for a sale or for<sup>23</sup> a lease.

When the Board of Supervisors receives the notice from the Commissioner, the county appraiser is chosen, a convenient date is set for the appraisement, notices of which

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21. Report of the State Land Commissioner, 1932.  
22. The appraisers each receive five dollars per day. See chapter VI for a discussion of the State land administration fund.  
23. Ibid., ch. 5, sec. 19, 20.

are transmitted to each the owner of the improvements, the Commissioner, and the State appraisers. The lands and the improvements are required to be appraised at their "true value" by means of personal examinations. A valid appraisalment requires the concurrence of a majority of the appraisers. Subsequent to the completion of the actual appraisalment, the results are recorded,<sup>24</sup> and the report itself is signed by the appraisers. To this report is attached an affidavit in which the appraisers certify that they made a personal examination of the lands or improvements, that the valuation is impartial and fair, and also correct.<sup>25</sup> The Commissioner makes a record of the appraisers' report in a book used for that purpose. A notice, stating the amounts of the appraisements, is sent to the owner of the improvements by the Commissioner.<sup>26</sup>

Both the Commissioner and the owner of the improvements have the right to appeal from any appraisalment of improvements to the Superior Court of the county in which the land and improvements is situated. The notice of valuation is assumed to be correct, the party objecting must present evidence that the valuation is incorrect, otherwise, the appraisalment will not be invalidated.<sup>30</sup> If the court sustains

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24. The record is made on a blank form supplied by the Commissioner.
25. If the appeal is taken by the Commissioner, the notice of appeal is signed by the Attorney-General and is served upon the owner of the improvements. If taken by the latter, the notice of appeal is served upon the Commissioner.
26. Ibid., ch. 5, sec. 25, 26.  
The clerk of the Superior Court docketts the appeal.
30. The Court can hear evidence as to the property appraised. The decision of the Superior Court is subject to appeal to the Supreme Court of Arizona. A certified copy of the decision is delivered to the Commissioner and is filed in the records of his office.

the appeal, on the ground that the appraisement is incorrect or that it was made contrary and not in conformity with the law, the Commissioner must order a new appraisement.<sup>28</sup>

The State Land Department, like the State Land Commission discussed in Chapter II, has charge of all lands belonging to the State of Arizona. But unlike the latter, the membership of the Department is entirely ex-officio and is solely a policy-determining body, the actual powers of administration being vested in the State Land Commissioner who, nevertheless, is responsible to the Department. Another ex-officio body, the Selection Board, makes the selections of lands for the State from the public domain of the United States. Not all are ex-officio, for there are in existence boards of appraisement, one member of each is appointed by the State Land Commissioner, the Governor, and the Board of Supervisors for the purpose of appraising the lands and improvements when the sale of such is contemplated.

The next phase of State land administration to be discussed is that of the lease and the sale of State lands, a very important function of the State Land Department and of the State Land Commissioner.

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28. Ibid., ch. 5, sec. 29.

## CHAPTER IV

### THE LEASE AND THE SALE OF STATE LANDS

Before an attempt is made to discuss the finances of the State lands,<sup>1</sup> it is appropriate to relate the procedure by which the lands are leased and sold. The first portion of this chapter will be concerned with the four types of leases and the regulations pertaining to them:

1. Agricultural and grazing land leases
2. Mineral land leases
3. Oil and gas prospecting leases
4. Development and operating leases.

All of the State lands are subject to lease for terms not exceeding twenty years. Leases are awarded by the State Land Commissioner to those persons who have made the required applications. In case two or more persons apply for the lease of the same land, the Commissioner issues the lease to the applicant who, after an investigation, appears to be entitled to the lease. Should no applicant appear to have a superior right to the lease, the Commissioner may at a certain designated time, after giving notices to all of the applicants, receive sealed bids. The lease is then awarded to the highest bidder.<sup>2</sup> It should be noted that the adjoining homesteader has the preferred right to lease adjoining State land.<sup>3</sup>

The unsuccessful applicants to lease State

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1. See Chapter V.
  2. The time or order of filing the applications is not a controlling factor in awarding the lease. The Commissioner, if he so desires, can reject all bids.
  3. Revised Code of Arizona, par. 2964, 2965.

land have the right to appeal from the decision of the State Land Commissioner to the State Land Department and from the latter to the Superior Court of the county in which the land, for which a lease is sought, is located. The party, by whom the appeal is made, must give notice in writing to the Commissioner or to the Department from whose decision the appeal<sup>4</sup> is taken, and to the other applicants to lease the land.

At the present time the minimum annual rental for grazing lands is three cents per acre and for agricultural lands, two and one-half per cent of the Commissioner's estimate of the value of the lands.<sup>5</sup> However, beginning on June 14, 1933, the minimum annual rental will be one cent per acre for grazing lands and five cents per acre for agricultural lands. The rentals are payable in advance, either annually or for other periods not exceeding two years, as determined by the Commissioner.<sup>6</sup>

All leases contain common provisions for the protection of the interests of the State. The lessees agree not to cut the timber on the lands leased without the written consent of the Commissioner, except for fuel, for domestic uses, or for the improvement of the lands. All the leases reserve to the State all minerals, ores, coal, gases, oils, and fertilizer which may be in or upon the lands. The agents of the State have the authority to prospect and to extract minerals from the lands.<sup>7</sup>

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4. Ibid., par. 2966.

5. Ibid., par. 2967.

6. Session Laws of Arizona, 1933, ch. 98, sec. 1.

7. Revised Code of Arizona, 1928, par. 2968, 2969.

The violation of the terms of a lease by the lessee renders such a lease subject to forfeiture. The Commissioner cancels the lease and takes possession of the land. <sup>8</sup> If the lessee fails to pay his rent when due, the Commissioner may extend the time for payment for a period not exceeding ninety days. <sup>9</sup> A penalty and interest is added to the delinquent rent, all of which constitutes a lien on the improvements, the crops, and the property on the land. <sup>10</sup> When the lessee has been delinquent for one year, it is the duty of the Commissioner to cancel his lease. <sup>11</sup>

If it should be established before any court of competent jurisdiction that a lease was secured by fraud, deceit, or willful misrepresentation, the Commissioner is required to cancel the lease, and the improvements on the land of the lessee are forfeited to the State. Before bringing suit for the cancellation of a lease, the State Land Department must hold a public hearing. <sup>12</sup>

Each lessee has the preferred right to the renewal of his lease for a term not longer than five years at re-appraised rental. <sup>13</sup> The Commissioner may refuse to renew a

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8. Session Laws of Arizona, 1929, ch. 52, sec. 2.

9. The Commissioner can make only three extensions for the payment of the rental.

10. The penalty consists of five per cent of the delinquent rent and ten per cent per annum thereafter.

11. Revised Code of Arizona.

12. If the lease is cancelled for any other reason, the lessee has sixty days to remove his improvements.

13. The lessee, in order to renew his lease, must make an application to the Commissioner not less than thirty and no more than sixty days prior to the termination of his lease.

lease is such, in his opinion, is not for the best interest  
of the State.<sup>14</sup>

The State Land Department has the authority to issue leases for lands containing gold, silver, copper, lead, shale, slate, petroleum, natural gas, and other valuable minerals and natural deposits.<sup>15</sup> Leases for mineral lands can be issued for lands already under lease for grazing or for agricultural purposes, inasmuch as the leases for the latter purposes convey rights only to the surface of the lands.<sup>16</sup> To be eligible to lease mineral lands, a person must be a citizen of the United States and must have discovered valuable minerals upon any of the unsold State lands. The applicant, by the payment of five dollars for each mineral claim, receives a lease for two years.<sup>17</sup> The State Land Department is also empowered to issue oil and gas prospecting leases for terms of two years for the purpose of enabling persons to locate oil and gas and, hence, to enable such lands to be developed. The maximum acreage to be included in a prospecting lease is two thousand five hundred and sixty. If, prior to the term-

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14. Ibid., par. 2972.

15. Ibid., par. 2973.

16. Hudson, Carroll, Interview with the Deputy State Land Commissioner.

17. Not more than fifty tons of ore can legally be removed before the execution of the lease. The lease contains certain terms, conditions, and obligations to be observed by both parties. The lease and improvements are subject to forfeiture if fraud entered into the securing of the lease. The lessee of the mineral lands can use the timber found upon the lands for fuel, for the construction of the buildings necessary for the operation of the mine, and for the tramways and for the supports of the mine.

ination of a prospecting lease, the lessee is drilling for oil, he has the right to renew his lease.<sup>18</sup>

Closely related to a prospecting lease is the fourth type of lease, the development and operating lease. If oil and gas have been discovered, by the holder of a prospecting lease, to exist in commercial quantities, it is the duty of the Land Department to issue, to the lessee, a development and operating lease for a term of five years. A development and operating lease is renewable for succeeding terms of five years each. As a condition for the renewal, the lessee must have drilled at least two wells; this procedure is to continue until three wells have been drilled for each section of land in the lease.<sup>19</sup> The holder of a development and operating lease must pay an annual rental of ten cents per acre and a royalty to the State of Arizona on commercially produced oil and gas, of twelve and one-half per cent.<sup>20</sup>

There are certain general regulations which apply to all the lands under lease--grazing, agricultural, mineral, and oil and gas.

1. Private improvements on State lands are subject to taxation. The taxes are payable by the lessee. 21
2. Leases to State lands are assignable with the

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18. Ibid., par. 2973, 2974.

The rental for a lease of less than six hundred and forty acres is at the rate of twenty-five dollars for each one hundred and sixty acres or fraction. All lands in any one lease must be adjoining.

19. Ibid., Par. 2974.

20. Ibid.

21. Ibid., par. 2975.



consent of the State Land Commissioner, provided the lessee has conformed with all of the requirements of his lease. 22

3. The lessee has the legal right to remove from the land all of the transportable improvements owned by himself. (23) Such immovable improvements as wells, dams, and embankments for the storage of water must be left undisturbed on the land. (24) The retiring lessee has the right to be reimbursed by the succeeding lessee for the immovable improvements. 25
4. Each lessee of State lands is required to file with the State Land Commissioner a sworn statement at the end of each fiscal year. (26) This statement sets forth the character and value of the improvements. 27
5. It is the duty of the State Land Commissioner, with the approval of the Land Department, to institute court proceedings to regain possession for the State of lands illegally held by persons having no legal right to them. 28

Thus far there have been discussed the four different kinds of leases. The remaining principal source of

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22. Ibid., par. 2968.

23. The removal of improvements may be accomplished within sixty days before or ninety days subsequent to the expiration of the lease.

24. The retiring lessee may, with written consent of the Commissioner, before or within ninety days after the expiration of his lease, sell the improvements to his successor.

25. Ibid., par. 2975.

If the retiring and succeeding lessees fail to agree, an appraisement of the improvements may be had by an application to the Commissioner.

26. June 30.

27. Ibid.

28. Ibid., par. 2977.

revenue from the State and school lands is that which is derived from sales of land. In this connection it is necessary to take notice of the lands eligible to sale, the procedure of a sale, the minimum price of land, the granting of titles to land, and the taxation of lands sold. Each of these phases is regulated by the law of the State, the purpose of the following discussion being to analyze the law on the subject.

All of the State lands with four exceptions are subject to sale. The exceptions include (1) the land granted for a State hospital for disabled miners; (2) the mineral lands; (3) the timber lands from which, in the opinion of the State Land Commissioner, the timber should be sold separately from the land; and, (4) the lands containing valuable saw timber.

A specific and definite procedure is provided for the sale of land. Prospective purchasers make their applications to the State Land Commissioner, but this is not absolutely necessary because the Commissioner can also cause land to be sold without receiving applications. The sales of agricultural lands must not exceed two hundred thousand acres per year. A further limitation is that lands which are suitable for immediate use for agricultural purposes, excepting such lands as are susceptible to irrigation from established irrigation projects, may not be sold in excess of three hundred and twenty acres in each section per year. When the Commissioner decides to sell land without application, he notifies the board of appraisers to appraise the land. However, if the land

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29. Ibid., par. 2978.

30. A purchaser must be at least eighteen years of age and a citizen of the United States.

has no appraisements on it, the appraisal is made by the State Land Department. It should be noted also that the Department can divide any of the State land into small parcels or town or city lots for the purpose of sale.<sup>31</sup> The Commissioner exercises discretion as to whether a sale of land shall be held. If he believes that the sale is for the benefit of the State, his decision is in the affirmative. A notice of the sale of land is made by advertisement,<sup>32</sup> which sets forth the nature, time of the sale, and a full description of the land. This advertisement must be published once each week for not less than ten successive weeks in a newspaper nearest the land offered for sale. If the notice is for the sale of lands together with improvements, the notice must contain the appraised value of the improvements, their owner, and the terms for the payment of the purchase price. The sale proper, which is a public auction, is conducted by the Commissioner, by his Deputy, or by his designated agent. After the newspaper notice is read, bids are called for. The highest bidder is entitled to the purchase of the land. Should the sale not be completed on the designated day, it may be continued from day to day or dissolved and the lands re-advertised for sale.<sup>33</sup>

The minimum selling price for land is three

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31. The maximum size of land parcels is ten acres. No parcel can be sold for less than ten dollars nor less than the appraised value. The parcels or lots are entered on the record of the county wherein located.
32. The cost varies between \$.75 and \$1.00 per inch.
33. Ibid., par 2979, 2981, 2982, 2983, 2984, 2985, 29986.

dollars per acre and twenty-five dollars per acre for land susceptible of irrigation. No land can be sold for less than its appraised value.<sup>34</sup> The average selling price for all land sold during the year ending June 30, 1932, was \$4.60 per acre, as compared with \$13.02 for the preceding year.<sup>35</sup> From 1915 to 1930 the total number of acres sold and the total selling price increased year by year. Since 1930, however, there was a marked decline due, in all probability, to the economic depression.<sup>36</sup>

The maximum amount of land that may be purchased by one party is six hundred and forty acres of grazing land and one hundred and sixty acres of agricultural land.<sup>37</sup>

Certain terms are to be complied with by the purchaser of lands. He must pay one per cent of the purchase price immediately after the announcement of the successful bidder and four per cent upon the delivery of the certificate of sale. Should the purchaser fail to make the two initial payments, the sum previously paid by the purchaser is forfeited and transferred to the general fund of the State Treasury. The balance of the purchase price is payable in thirty-eight annual installments with interest on the unpaid amount.<sup>38</sup> In the case of the purchaser of improvements on State lands, the Commissioner is immediately paid a sum amounting to ten per cent of the appraised value and the balance within thirty days. If the Commissioner decides that the appraised value of the improve-

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34. Ibid., par. 2987.

35. Report of the State Land Commissioner, 1932.

36. Reports of the State Land Commissioner, 1915 to 1932.

37. Revised Code of Arizona, par. 2988.

38. The interest rate is five per cent per year.

ments is so great as to hinder competitive bidding, the improvements may be sold on installments. The unpaid installments constitute a lien upon the land. For the protection of the State, the purchaser must keep the improvements insured. The first two installments are paid to the owner of the improvements. The owner then presents his claim for the balance of the purchase price to the Commissioner. The claim, when approved, is paid by the State Treasurer on the order of the State Auditor from any available investment fund.<sup>39</sup> This sum with interest is returned to the fund, drawn upon, at the time of the payment of the installments by the purchaser.<sup>40</sup>

A certificate of purchase<sup>41</sup> is issued by the State Land Commissioner to the purchaser who has complied with all of the specified requirements. Certificates of purchase contain the name of the purchaser, a description of the land, the sum paid for the improvements, the unpaid amount, the date for the payment and the amount of each deferred payment, and the purchaser's promise to pay the taxes, the water assessments, and all of the other charges assessed against the land. The right conferred

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39. See Chapter V for an enumeration of the funds.

40. Ibid., par. 2989, 2990.

The installments consist of ten per cent at the time of sale, fifteen per cent thirty days after the sale, and fifteen per cent annually for five years. Interest is charged on the unpaid amount at the rate of six per cent.

41. The certificate of purchase bears the signature of the Commissioner and the purchaser.

A certificate of purchase cannot be issued if the purchaser is a delinquent renter of State lands.

to the purchaser by a certificate of purchase include the right to maintain judicial actions for recovery of damages done to the land and the right to the possession of the land. A certificate of purchase may be declared forfeited by the Commissioner when a purchaser defaults in the payment of the principal or interest or when he refuses to comply with the terms of the sale. The improvements, which become the property of the State through default of payment, belong to the fund to which the land belongs.<sup>42</sup> During the year ending June 30, 1932, 91,922 acres of land were forfeited to the State, an increase of more than 212 per cent for that of the preceding year.<sup>43</sup>

The cancellation of unlawful sales of land is a power of the Commissioner which takes the form of the surrender of the certificate of purchase by the purchaser. In all such cases, except fraud, the purchaser is entitled to a refund of the money paid, by him, for the land and the improvements.<sup>44</sup>

Patents to State land are issued by the Commissioner.<sup>45</sup> A patent is a legal document which rests the title to the land in the purchaser. In order to receive a patent, the purchaser must file the certificate of purchase and evidence of the payment of principal and interest. Patents can be issued

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42. Ibid., Par. 2992, 2993, 2994, 2995.

43. Report of the State Land Commissioner, 1932.

44. Revised Code of Arizona, 1928, par. 2996. Unlawful sales are those made by mistake, those made contrary to law, and those obtained by use of fraud.

45. A patent bears the signature of the Governor, the counter-signature of the Secretary of State, and seal of the State of Arizona.

to the heirs or the assigns of the original purchaser. The issuance of such patents necessitates the presentation of the decree of the court affirming the title of the certificate of purchase.<sup>46</sup>

All lands sold are subject to taxation, the same as other private property. When the taxes on land, the title of which remains in the State,<sup>47</sup> become delinquent, it is the duty of the county tax collector to present the claim for the delinquent taxes to the Commissioner. If the Commissioner approves the claim, the taxes are paid by the State Treasurer from the general fund. The amount of the tax, so paid, is charged against the land and is subject to interest at the rate of ten per cent. If the purchaser fails to pay the delinquent taxes when the next deferred payment for the land becomes due, the land is forfeited to the State. In a like manner, the State Treasurer pays and is reimbursed for "delinquent charges for construction of irrigation works."<sup>48</sup> Immediately after the sale of State Lands, the Commissioner submits to the assessor of the county in which the lands are situated, a description of the land, which includes the name of the purchaser and the amounts paid for each the land and the improvements.<sup>49</sup>

From the foregoing description of the procedure and the regulations pertaining to the lease and the

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46. Ibid., par. 2998.

47. The title remains in the State until the purchaser pays the principal and interest and receives a patent to the land.

48. Ibid., par. 2999, 3000. The Commissioner may, in his discretion, refuse to pay the irrigation charges.

49. Ibid., par. 3001.

sale of State lands, the conclusion is obvious that the law is quite comprehensive, detailed, and specific. It appears that, except in several instances, as in the cases of extending the time for the payment of rentals and the deciding whether a sale shall be held, the Commissioner is allowed almost no opportunity for the exercise of his discretion and judgment.



CHAPTER V

THE ADMINISTRATION OF THE FINANCES OF THE STATE AND SCHOOL LANDS

Perhaps the most important phase of State land administration is that of the finances. It is true that the status of the finances is directly dependent upon the aspects already discussed--selection, appraisement, lease, and sale, without which there would be no financial phase of State land administration. As distinguished from those already discussed, the finances are administered by the State Treasurer rather than by the State Land Commissioner. Despite the importance of the subject and the fact of the inefficient administration of the finances, particularly the moneys invested in farm lands, the press of Arizona has seen fit to voice no comment, a situation which seems unfortunate.

What are the various funds which have been established for the moneys received? How much money does the system of Arizona receive from the State, a portion of which is derived from the State lands? In what kinds of securities may the funds be invested? These and other questions will presently be discussed.

The special funds, thirteen in number, created simultaneously with the State Land Department in 1915, correspond to the separate grants of land effected by the Enabling Act for Arizona.<sup>1</sup> The moneys received by the State from each land grant are deposited to the credit of the appropriate fund. An enum-

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1. See Chapter II

eration of the funds follows:<sup>2</sup>

1. Permanent Common School Fund
2. University Land Fund
3. Legislative, Executive, and Judicial Buildings Land Fund
4. Penitentiary Land Fund
5. Asylum for the Insane Land Fund
6. Schools and Asylums for the Deaf, Dumb, and Blind Land Fund
7. Miners' Hospital Land Fund<sup>2a</sup>
8. Normal Schools Land Fund
9. State Charitable, Penal, and Reformatory Institutions Land Fund
10. Agricultural and Mechanical Colleges Land Fund
11. School of Mines Land Fund
12. Military Institutes Land Fund
13. County Bonds Land Fund

It should be noted that of the thirteen funds, six are for education, six are for State institutions, and one for the county bonds.

The Permanent Common School Fund consists:

(1) of the proceeds from all lands granted by the United States to Arizona for the support of the common schools; (2) of all real and personal property escheated to the State; (3) of gifts

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2. Session Laws of Arizona, 1915, Second Special Session of Second Legislature, ch. 5, sec. 94.  
Revised Code of Arizona, 1928, par. 3017, 3018, 3019, 3020, 3021, 3022.
  - 2a In 1929 Congress granted an additional fifty thousand acres for disabled miners. (United Statutes at Large, Vol. XLV, ch. 280, sec. 2).

from individuals for the common schools; (4) of all unclaimed shares and dividends of corporations chartered under the laws of Arizona; (5) of the proceeds from the sale of natural products from the school lands; (6) of the proceeds from the remainder of the lands granted for the payment of the railroad bonds issued by Maricopa, Pima, Yavapai, and Coconino Counties;<sup>3</sup> and (7) of the amount constituted of five per cent of the proceeds from the sales of the public lands of the United States located within the State of Arizona. This fund is perpetual; only the interest earned by the investments of the fund and the revenue derived from the rental of the unsold school lands can be transferred by the State Treasurer to the State Common School Fund for apportionment to the common schools of the State. This transfer from fund to fund takes place on or before the first day of January of each year and includes the interest and rental received up to and including June 30 of the preceding<sup>4</sup> year.

To be distinguished from and not to be confused with the Permanent Common School Fund, is the State Common School Fund, which is credited to the State Board of Education by the State appropriations acts to be used by the common and high schools of Arizona. The sum of twenty-five dollars has been appropriated each year by the State Legislature for each pupil attending the common and high schools as shown by the

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3. The county railroad bonds have not yet been paid, hence the remainder has not been transferred to the permanent State common school fund.

4. Ibid., par. 3017.

records of the State Superintendent of Public Instruction. When an excess amount remains, after the appropriation of twenty-five dollars for each pupil, the remainder is apportioned to the various counties on the basis of average daily school attendance.<sup>5</sup> Such is the apportionment of the State Common School Fund for the year 1932-1933, but, for the year 1933-1934 the appropriation will be twenty dollars for each pupil attending the common and high schools.<sup>6</sup> From figure I, the total sum apportioned to the schools for the year 1931-1932 was \$2,053,172.56 of which \$1,742,962.09 was appropriated by the State Legislature and \$243,004.70 (Figure II) was derived from the school lands. Of the total amount apportioned, that derived from the school lands constituted approximately eight and a half per cent, or \$301 per pupil on the basis of an average daily attendance of 80,993. It is of interest to note also that the amount apportioned from the school land for 1931-1932 was \$44,170.01 less than that for the preceding year, a decrease of approximately fifteen per cent. The revenue derived from the school lands is, therefore, of importance to the operation of the public schools of Arizona.

The remaining funds, with the exception of the County Bonds Land Fund,--University Land Fund; Legislative, Executive, and Judicial Buildings Land Fund; Penitentiary Land Fund; Asylum for the Insane Land Fund; Schools and Asylums for the Deaf, Dumb, and Blind Land Fund; Miners' Hospital Land Fund; Normal Schools Land Fund; State Charitable, Penal, and Reform-

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5. Ibid., par. 1088, 1089.

6. Hubbs, Wayne, Interview with the Deputy State Treasurer.

Arizona has received much revenue from its State and School lands. The data, which follow, is given to indicate the importance of this source of revenue. The figures given represent the total receipts for each fund for each year and not the amounts of money eligible for use.

LETTERS DESIGNATING THE SEPARATE PERMANENT FUNDS

- A. Permanent Common School Fund
- B. University Land Fund
- C. Legislative, Executive, and Judicial Buildings  
Land Fund
- D. Penitentiary Land Fund
- E. Asylum for the Insane Land Fund
- F. Schools and Asylums for the Deaf, Dumb, and Blind  
Land Fund
- G. Miners' Hospitals Land Fund
- H. Normal Schools Land Fund
- I. State Charitable, Penal, and Reformatory Land Fund
- J. Agricultural and Mechanical Colleges Land Fund
- K. School of Mines Land Fund
- L. Military Institutes Land Fund
- M. County Bonds Land Fund

FIGURE I

DETAIL OF THE SOURCE OF 1931-1932 SCHOOL FUND RECEIPTS\*

80,993, average daily attendance in grades, high and night schools in all counties for 1930-1931 x \$25.00, gives amount of school funds to be furnished from General Fund of state, in compliance with terms of Appropriation Bill, Tenth Legislature.....	\$2,024,825.00
Less amount appropriated to State Department of Public Instruction and Vocational Education by the Tenth Legislature.....	299,862.91
Amount of State funds to be appropriated to counties	<u>\$1,724,962.09</u>
Plus school non-tax receipts.....	328,210.47
	<hr/>
TOTAL.....	<u>\$2,053,172.56</u>

The amount of school non-tax funds for the year April 1, 1931 to March 30, 1932..... \$343,351.83

    Apportioned to counties..... \$328,210.47

    Held in fund as non-apportioned balance..... 15,141.36

Itemized source of \$343,351.83, is as follows:

Balance carried forward from fiscal year 1930-1931.....	87,649.77
Interest of loans from Permanent Fund.....	34,303.05
Interest on bank deposits of Permanent School Fund.....	.....
Sales Interest.....	70,109.66

FIGURE I (con't)

Rental fees.....	\$107,179.94
Interest of deferred payment of rental fees.....	1,053.16
Income from sections of National Forests.....	30,358.89
Sales and fines of textbooks.....	861.21
Textbook commissions.....	11,834.15
	<hr/>

\*Reproduced from The Report of the State Superintendent  
of Public Instruction, 1932, p.31.

FIGURE II

DETAIL OF INCOME FROM SCHOOL LANDS AND PERMANENT FUND  
FOR APPORTIONMENT TO COUNTIES\*

	1930-31	1931-32	INCREASE	DECREASE
Interest on Loans from Permanent Funds.	\$30,244.61	\$34,303.05	\$4,058.44	
Interest on Bank Deposit -Permanent Fund.	34,912.46			\$34,912.46
Sales Inter- est.	100,471.63	70,109.66		30,361.97
Rental Fees.	114,744.46	107,179.94		7,564.52
Interest on Deferred Payment of Rental Fees.	1,106.58	1,053.16		53.42
Income from Sections in National Forests	40,607.43	30,358.89		10,248.54
TOTAL	<u>\$287,174.71</u>	<u>\$243,004.70</u>	<u>\$4,058.44</u>	<u>\$48,228.45</u>
NET DECREASE .....				\$44,170.01

Note: We have not considered the item of "Interest on Bank Deposits--Permanent Fund" in arriving at the above totals for the reason that this bank interest for 1931-32 was carried over into the fiscal year 1932-33 by the State Treasurer and will be apportioned to Counties during the fiscal year 1933-34. It will be noted, however, that the income school lands, both in and outside of the National Forests, show a material decrease.

\* Reproduced from The Report of the State Superintendent of Public Instruction, 1932, p.33.



FIGURE III

APPORTIONMENT OF STATE SCHOOL FUND BY COUNTIES\*

1931-1932.

COUNTY	A. D. A. 1930-1931 Basis of Distribution of State School Fund for 1931-1932.	Amount Apportioned 1931-1932
Apache.....	1,686	\$ 42,740.09
Cochise.....	8,767	222,243.45
Coconino.....	1,866	47,303.10
Gila.....	6,340	160,719.00
Graham.....	2,617	66,340.95
Greenlee.....	2,534	64,236.89
Maricopa.....	29,001	735,175.36
Mohave.....	877	22,231.97
Navajo.....	2,719	68,926.66
Pima.....	9,860	249,915.00
Pinal.....	4,087	103,605.45
Santa Cruz.....	2,035	51,587.24
Yavapai.....	5,179	131,287.65
Yuma.....	3,425	86,823.75
TOTAL..	80,993	\$2,053,172.56

\* Reproduced from The Report of the State Superintendent of Public Instruction, 1932, p. 31.

atory Institutions Land Fund; Agricultural and Mechanical Colleges Land Fund; School of Mines Land Fund; and the Military Institutes Land Fund are all permanent and perpetual. These funds, separately, consist (1) of all the proceeds from the lands; (2) of gifts from individuals; and, (3) of the proceeds from the sale of natural products from the land. Only the interest earned by the investment of these permanent funds and the revenue from the rental of the lands can be transferred by the State Treasurer to the maintenance funds of the institutions for which the lands were granted.<sup>7</sup>

There remains the County Bonds Land Fund, which consists of the revenue derived from the land grant by the United States for the payment of the railroad bonds and the accrued interest thereon, issued by Maricopa, Yavapai, Pima, and Coconino Counties. The moneys are used, first, for the payment of the current interest on the bonds; second, for the reimbursement of the counties for all the interest paid by them since the issuance of the bonds; and, third, for the payment of the principal of the bonds at the date of their retirement.<sup>8</sup>

The money appropriated by the State Legislature for land administration has exceeded the fees collected, therefore, the State Land Department has not been self-sustaining. For the year ending June 30, 1932, the appropriation exceeded the fees collected by an amount in excess of \$44,000.<sup>9</sup>

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7. Revised Code of Arizona, 1928, Par. 3018, 3019, 3020, 3021.

8. Ibid., par. 3022.

9. Ibid., 1931, ch. 113, subdivision 43,  
Report of the State Land Commissioner, 1932.

In his message to the first special session of the Tenth Legislature in December, 1931, the Governor "recommended for the serious consideration of this Legislature a revision of the fee system of the State Land Department to end that this office be made self-sustaining"<sup>10</sup> Accordingly the fees were increased by the law of January 9, 1932.<sup>11</sup> Collections in fees, however, continued to decrease. For the year ending June 30, 1932, the fees collected constituted an amount of approximately \$600 less than that for 1930.<sup>12</sup>

Subject to the approval of the Governor and the Secretary of State, the State Treasurer has the authority to invest the moneys which constitute the permanent funds. For this purpose, these officers are known as the State Loan Board.<sup>13</sup> These moneys are eligible to investment: (1) in the bonds of the United States; (2) in the bonds of the counties, municipalities, school districts, and of the State of Arizona; (3) in first mortgages on improved Arizona farm lands that have been under cultivation for at least five years and to which water rights are attached.<sup>14</sup>

Certain regulations have been adopted to

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10. Hunt, George, W. P.? Message of the Governor to the First Special Session of the Tenth Legislature, 1931, p. 12.
  11. Session Laws of Arizona, 1931-1932, First Special Session of Tenth Legislature, ch. 10, sec. 1, 2.
  12. Reports of State Land Commissioner, 1930 and 1932.
  13. The title, State Loan Board, is derived from the State Appropriations Act.
  14. Ibid., par. 2640.

govern the administration of the farm land loans. No greater sum than forty per cent of the value of the farm land can be loaned. The minimum rate of interest is six per cent. Loans on farm lands may be made only subsequent to their appraisalment by the Commissioner. No loans can be made on cultivated land with an appraised value of less than ten dollars per acre. Five thousand dollars is the maximum amount which may be loaned on any one piece of property or to any one person. The minimum duration of mortgages on farm lands is five years and the maximum, fifteen years. Any loan, however, may be repaid in full at any time provided that all interest due and three months' interest in advance are paid. In the case of a loan extending for a term exceeding five years, the payments for the first five years consist solely of interest; thereafter, in addition to the interest, the principal of the loan is paid in such annual amounts, that the debt is entirely extinguished at the expiration of the loan.<sup>15</sup> All mortgages held by the State may be foreclosed when such is for the benefit of the State. The State Loan Board<sup>16</sup> may sell any mortgage owned by the State.

In 1916 the State Loan Board, also known as the Farm Loan Board, began the lending of money on farm lands from the permanent funds. This form of lending was discontinued in 1923 as a matter of policy. During this period of seven years, the farm loans amounted to \$2,024,049.56, of which \$1,010,390.63 has been repaid and credited to the funds from which the loans were made.<sup>17</sup>

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15. Ibid., par. 2641.

16. Session Laws of Arizona, 1929, ch. 94, sec. 1, 2.

17. Cox, W. M., Letter to the Eleventh State Legislature, February 7, 1933.

The State Loan Board has been operating under several handicaps which have prevented the effective collection of the farm loans. For several years the Board had no power to foreclose the loans. Lack of funds has prevented foreclosure and the efficient administration of the loans to the best interest of the State. In 1929 the State Legislature appropriated \$60,000 for farm loan administration,<sup>18</sup> the major portion for the payment of delinquent taxes of the lands on which the loans had been made. The State discontinued the payment of delinquent taxes after its counsel ruled that the mortgages of the State were superior to other liens and that the State was not required to pay delinquent taxes. However, the Supreme Court decided otherwise,<sup>19</sup> but the resulting situation was remedied by the resulting Act of the Legislature in 1931, which made the State mortgages superior to the other liens. In the meantime, the State lost \$32,000.00 because of tax sales and \$17,027.31 in delinquent interest. In 1931, Governor Hunt vetoed the appropriation for the State Loan Board, the result being the inability to pay the water assessments and the premiums for fire insurance on the buildings on these farms. At present the State Loan Board is instructing the Attorney-General to foreclose, but because of the lack of funds, this procedure has been temporarily delayed. In several instances the Board has not been able to complete foreclosures already commenced.<sup>20</sup>

Estimates have been made by the Deputy State Land Commissioner that only about fifty per cent of the amount loaned on farm lands will eventually be collected. The causes of this status of the farm loans are: (1) the earlier practice

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18. Session Laws of Arizona, 1929, p. 383.

19. Arizona Reports, Vol. XXXVIII, p. 374.

20. Cox, op. cit.

by which individuals secured loans on their farm lands through political influence; (2) the practice of making excessive loans; and (3) the decrease in the value of the farm lands due to the present economic depression.<sup>21</sup> On June 30, 1932, the total investments of the permanent funds amounted to \$2,340,698.01, of which \$1,040,198.91 constituted the amount loaned on farm lands. The remainder, amounting to \$1,300,500.00, was invested in the county, municipal, and school district bonds of Arizona. It should be noted that there were no investments in the bonds of the United States nor in the bonds of the State of Arizona.<sup>22</sup> The matter of farm loans was made the subject of a special report by the State Treasurer to the State Legislature on January 1, 1933. On this date a total of \$1,014,603.97 constituted the amount of the moneys of the permanent funds which had been loaned on farm lands. Not all of these loans are active; what is, loans amounting to \$665,413.74 have been or are in the process of foreclosure. The active loans total but \$349,190.23 and consist of but approximately one-third of the total loans. There is delinquent interest on both the active loans and the foreclosed loans, the total amounting to \$611,642.38. The total acreage involved in farm loans is 29,505, of which 11,581 acres are involved in active loans and 17,924 are in foreclosed loans. It should be noted, in this connection, that the foreclosed loans exceed the active loans in the total amount, in delinquent interest, and in the acreage involved. If the estimates of the Deputy State Land Commissioner and the Deputy

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21. Hudson, Carroll, Interview with the Deputy State Land Commissioner.

Hubbs, Wayne, Interview with the Deputy State Treasurer.

22. Report of the State Treasurer, 1932.

INVESTMENTS OF THE PERMANENT FUNDS AS OF JUNE 30, 1932\*

In Farm Land Loans:

Permanent common school fund	\$731,394.33	
* University timber fund	205,368.58	
Asylum for the insane land fund	6,251.75	
Normal schools land fund	28,622.05	
Penitentiary land fund	7,168.00	
State charitable, penal, and reformatory institutions land fund	1,475.00	
Agricultural and mechanical colleges land fund	1,000.00	
School of mines land fund	8,500.00	
Schools and asylums for the deaf, dumb, and blind land fund	10,338.00	
University land fund	40,081.20	
		<hr/>
		\$1,040,198.91

In County, Municipal, and School District Bonds:

Permanent common school fund	\$893,500.00	
University timber fund	137,000.00	
		<hr/>
		1,300,500.00
<u>Total Investments</u>		<hr/>
		\$2,340,698.91

\* Report of the State Treasurer, 1932.

\* The University timber fund consists of the money derived from the land granted the University of Arizona in 1881. See Chapter I for a discussion concerning this land.

RECEIPTS OF THE PERMANENT FUNDS, 1921-1932 \*

	A	B	C	D
1921	\$105,619.02	\$12,233.73	\$ 7,245.47	\$ 6,326.88
1922	226,373.71	15,868.18	4,911.19	6,677.67
* 1924	449,714.93	17,391.80	10,111.73	11,959.96
1925	291,363.72	13,759.18	6,724.19	8,730.75
1926	309,015.05	11,071.40	4,276.19	7,772.94
1927	322,912.12	14,776.40	8,852.13	5,953.22
1928	375,100.52	18,652.70	9,695.94	6,886.91
1929	366,272.60	14,139.21	9,689.25	7,011.03
1930	374,532.06	16,440.72	12,611.46	6,149.93
1931	263,710.60	11,416.60	6,449.16	6,244.71
1932	229,151.19	10,748.34	5,609.53	4,299.44
	E	F	G	H
1921	\$ 6,709.46	\$ 6,943.38	\$ 1,304.14	\$ 11,690.35
1922	7,258.47	7,508.81	1,958.31	10,218.56
1924	10,968.30	10,759.81	2,226.05	13,530.65
1925	7,915.50	6,274.49	1,136.28	9,797.49
1926	9,151.58	7,259.88	1,511.38	10,463.44
1927	7,342.94	6,235.94	913.59	10,200.44
1928	7,969.52	7,448.92	1,484.41	8,527.74
1929	10,336.07	7,516.03	1,976.34	7,797.28
1930.	8,522.25	7,524.85	1,797.30	10,091.35
1931	8,687.51	5,659.63	2,194.74	7,523.04
1932	4,288.53	4,901.80	1,393.43	7,369.78

\* Reports of the State Land Commissioner, 1921-1932.

\* \* Eighteen month period.



	I	J	K	L
1921	\$ 4,823.91	\$ 5,710.88	\$ 7,002.31	\$ 3,429.61
1922	5,228.37	6,269.78	8,355.42	3,726.34
1924	5,807.69	9,505.21	12,024.77	4,285.52
1925	3,029.27	6,874.02	7,008.44	2,723.13
1926	4,613.74	6,289.20	6,867.96	5,227.38
1927	4,638.00	7,235.79	9,331.57	2,779.41
1928	9,414.07	8,023.45	9,594.35	4,104.50
1929	8,219.47	9,191.21	8,285.52	3,261.44
1930	11,507.45	10,295.84	8,420.73	4,874.84
1931	9,959.80	8,564.01	6,808.67	2,641.12
1932	4,981.45	8,799.56	6,419.21	2,993.15

	M	Totals for each year from all State lands
1921	\$ 58,389.06	\$ 549,870.47
1922	69,951.12	691,719.41
1924	106,710.49	914,876.76
1925	59,267.04	589,438.26
1926	63,175.03	600,929.55
1927	57,496.68	591,472.35
1928	79,770.71	685,324.07
1929	64,090.99	691,764.46
1930	63,601.02	713,673.51
1931	53,021.48	410,756.25
1932	46,265.87	337,221.28

These totals include the forest reserves receipts from school lands located within national forests.

ACTIVE FARM LOANS, January 1, 1933\*

<u>County</u>	<u>Principal</u>	<u>Delinquent Interest</u>	<u>Acreage</u>
Apache	\$89,682.58	\$ 2,538.01	3582
Greenlee	5,000.00	300.00	80
Cochise	8,521.41	596.58	713
Graham	77,376.95	11,216.94	1514
Maricopa	98,241.13	13,746.53	2225
Navajo	4,250.00	923.00	80
Pima	10,900.00	1,623.82	247
Pinal	9,100.00	386.13	480
Santa Cruz	29,838.16	6,382.28	2092
Yuma	16,280.00	1,113.99	568
	<hr/>	<hr/>	<hr/>
TOTAL	\$349,190.23	\$38,827.28	11,581

\* Report of the State Treasurer to the Legislature,  
January 1, 1933.

FARM LOANS FORECLOSED AND IN THE PROCESS OF  
FORECLOSURE, JANUARY 1, 1933.\*

<u>County</u>	<u>Principal</u>	<u>Delinquent Interest</u>	<u>Acreage</u>
Apache	\$454,277.76	\$424,899.46	10,440
Cochise	10,233.00	7,698.17	150
Coconino	3,552.00	2,402.00	312
Greenlee	9,550.63	4,959.24	179
Graham	48,757.30	32,206.88	1,557
Mohave	2,527.50	2,617.00	
Maricopa	19,267.50	12,004.21	735
Navajo	12,007.50	6,630.00	408
Pima	5,000.00	3,912.50	
Pinal	75,000.00	58,308.80	1,920
Santa Cruz	16,240.50	11,780.18	2,030
Yavapai	5,000.00	3,619.16	160
Yuma	4,000.00	1,777.50	33
TOTAL	<u>\$667,413.74</u>	<u>\$572,815.10</u>	<u>17,924</u>

\* Report of the State Treasurer to the Legislature,  
January 1, 1933.

State Treasurer are valid, that but fifty per cent of the farm loans will be collected, the resulting loss of the State will exceed a half million dollars. The State is now confronted with the task of collecting \$1,277,056.12 in foreclosed loans and delinquent interest on both the active and the foreclosed securities.<sup>23</sup>

In conclusion, it is appropriate to summarize this chapter. Thirteen permanent funds, which correspond to the purposes for which the lands were granted, have been created. The dominant purpose has been, however, not only to discuss these permanent funds, but also to determine the receipts of these funds and the manner in which they have been invested. The year, 1930, is important in land administration because during this year the total receipts reached the unprecedented figure of \$713,673.51, the increase from year to year having been gradual since 1916. Since 1930, the decrease in total receipts has been abrupt until in 1932 the receipts amounted to but \$337,221.28, less than fifty per cent of that of 1930. The moneys of the permanent funds are invested exclusively in the bonds of the subdivisions of Arizona and in Arizona farm lands. These investments amounted to \$2,340,698.01. There is little likelihood that the entire amount loaned on farm lands will be collected, perhaps not more than fifty per cent. At the present time, the State Loan Board is foreclosing a number of farm loans in an attempt to remedy the situation as far as possible. It is not possible for the Board to completely correct the situation. Through proper legislation and administration, the Board believes that the

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23. Report of the State Treasurer to the Legislature, Jan. 1, 1933

status of the farm loans may be improved. The Board is endeavoring to lease the lands, whose title has reverted to the State, in an attempt to be reimbursed for their maintenance and to receive at least a small rental.<sup>24</sup>

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24. Hubbs, Wayne, Interview with the Deputy State Treasurer.

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