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ARIZONA STATE TREASURER



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Arizona Treasurer Kimberly Yee's Statement on Governor Hobbs' Prop 123 Proposal

“Governor Hobbs just announced her proposal to increase Prop 123 distributions to 8.9%. The Governor's proposal is dangerous and unsustainable. It would break the bank. Governor Hobbs wants to raid the land trust to cover for her mismanagement of the state budget and overzealous spending plans in an ever-increasing inflationary environment. That is irresponsible and doesn't look out for the long-term vision of Arizona, and this land trust was put in place for our state's future.

As Treasurer, I oversee the management of the Permanent Land Endowment Trust Fund (PLETF) and oppose the Governor's egregious proposal. The purpose of the PLETF is to provide an ongoing revenue stream to the beneficiaries from the proceeds of any of the land entitled to the beneficiaries. That land is to provide an income stream to the beneficiaries and the Endowment was created to replace that revenue stream from the land holdings. Continuing at a 6.9%, or increasing the distribution to 8.9%, will likely dip into corpus and violates the terms of the Enabling Act, under which Arizona became a state.

Wall Street forecasters predict a 5.45% return for the next decade on a 60/40 portfolio like the PLETF. My office will continue to make the financial recommendation of a 4-5% distribution, as it is prudent and consistent with what most Endowments distribute annually. My office has not reported a 10-year return above 8.9% in nearly two years. Over the span of the last 10 years, only 32 months have had a 10-year return over 8.9%. In short, this means an increase to 8.9% is unfeasible based on past performance.”

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