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New CSI Report Finds $134 Billion in Unrealized Value from State Land Trust

Modernizing state trust land policy could expand housing, boost K–12 funding, and strengthen Arizona's economy

PHOENIX, Ariz. – A new report from the Common Sense Institute (CSI) finds that Arizona's land trust system, originally created to fund public education, has left billions of dollars in potential value unrealized due to restrictive policies and limited flexibility in how land is managed and sold.

More than a century after statehood, over 8 million acres of Arizona's K-12 trust lands remain underused, generating just $8 per acre annually, while nearly all population and economic growth has occurred on less than one-fifth of the state's total land area. CSI's analysis quantifies the opportunity cost of the current system and outlines reforms that could deliver major long-term benefits for Arizona's schools, housing market, and overall economic competitiveness.

"Arizona's state trust lands were designed to fund public education and drive development," **said Lorenzo Romero, BASIS Educational Ventures President, CSI Education & Economic Development Fellow, and report author.** "But overly restrictive policies have turned a century-old asset into a lost opportunity. Modernizing our approach could strengthen the state's economy, lower housing costs, and deliver billions in long-term returns for Arizona schools."

Key Findings

- Arizona's land trust has distributed **$5.8 billion to K–12 schools since statehood**. CSI estimates that if the state had sold and reinvested its trust land more efficiently, total distributions could have reached **$140 billion over the same period**.

- **9 million acres** (roughly 13% of Arizona's total land area) remain in the State Land Trust; more than one-third of this acreage lies near urban areas and could support responsible development.

- CSI estimates that the ordered sale of remaining trust land over the next decade would-

    - Generate $18.5 billion in revenue
    - Create $55 billion in new economic activity
    - Support the development of 1 million new housing units over 20 years.
    - Yield $65 billion in additional K–12 distributions over the next 50 years.

- The **Permanent Land Endowment Trust Fund (PLETF)** currently totals **$8.7 billion**, earning **7–8% annual returns**, showing the stronger performance of financial investments over idle land holdings.

- Modernizing land management could grow the PLETF to **$37 billion within a decade** and produce **$5 billion annually in new revenue**.

"This analysis shows that Arizona's current system leaves enormous economic value untapped," said **Glenn Farley, CSI Director of Policy & Research.** "If just a portion of this land were responsibly sold and reinvested, it could unlock tens of billions in new value, benefiting classrooms, taxpayers, and the state's long-term competitiveness."

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