Endowment Ownership History and Reform
October 29, 2026
Committee on Federalism

IDAHO DEPARTMENT OF LANDS

“State Land”

- **In statute, state land has multiple meanings.**
- Trust Land – can mean Public Trust that is managed through Navigable Waters Program or the Endowment Trust Lands
- State Lands – can mean any or all state own lands that are managed by a multitude of agencies (IF&G, IDPR, IDOT, etc.)
- Endowment Land – lands managed for a specific landowner trust, sometimes exempt or has different standards than spelled out in statute.
- Public Lands – Title 58. Most state land falls under these laws.

Guiding Principles and Documents

- Land Ordinance of 1785 & Northwest Ordinance of 1787
- Morrill Act of 1862
- Idaho Admission Act of 1890
- Idaho Constitution
- Idaho Statute and *IDAPA* Rules
- Land Board Policies
- Statements of Investment Policy – Combined and EFIB
- IDL Strategic Plan
- Callan Report
- Asset Management Plans

Endowments at Statehood

- Endowment land **always** meant to be managed for maximized revenue generation.
- Constant debate since statehood – *sell, lease, or keep and manage?*
- Constitutional limits in place limiting land sales to 16,000 acres (25 sections) with individual limits of 160 acres.
- Public auction requirement for **disposals.**
- While 3.6 million acres were promised at statehood, final acres were not finalized until 1998.

IDAHO DEPARTMENT OF LANDS

Endowments

1. ***Public School Fund***, K-12 Education
2. ***Agricultural College Fund,*** University of Idaho
3. ***Charitable Institutions Fund,*** Idaho State University, State Juvenile Corrections Center, School for the Deaf and Blind, Idaho Veterans Home, and State Hospital North
4. ***Normal School Fund*** Idaho State University Department of Education and Lewis-Clark State College
5. ***Penitentiary Fund***
6. ***School of Science Fund,*** University of Idaho
7. ***State Hospital South Fund***
8. ***University Fund,*** University of Idaho
9. ***Capitol Permanent Fund***

IDAHO DEPARTMENT OF LANDS

Constitutional Amendments

- 1915 – Increased maximum acreage sold to 64,000 and the subdivision size to 320 acres.
- 1935 – Introduced and empowered the Land Exchange concept with the federal government
- 1941 – Lowered minimum selling price from $10/acre to $5/acre
- 1951 – Reversed the values from 1941
- 1982 – added the “maximize long-term financial return” language, stipulation that land could not be sold for less than appraised, and further clarification of land exchanges
- 1998 – Created Land Bank and **Earnings Reserve Fund**

1982 Amendment Favorable Points

- Provided Land Board with flexibility to manage resource responsibly over the long-term versus just short-term profit
- Ensured future Land Boards were bound by same management standards
- Endowments realize steady increased income
- Guaranteed state and beneficiaries receive Fair Market Value for all land sales
- Allows for more *multiple use management* and better management of resources and environment

IDAHO DEPARTMENT OF LANDS

1998 Amendment

- 1996 Governor Batt's Committee on Endowment Investment Reform
  - Improve ability to manage the state's asset base and establish appropriate return to the endowment fund
  - Provide predictable and increasing stream of revenue to beneficiaries while maintaining the purchasing power of the assets
- Created the Permanent, Earnings Reserve, and Land Bank funds.
  - Permanent Fund could be invested in financial instruments
  - Earnings Reserve was utilized for administration costs of managing the assets (land and financial)
  - Land Bank for reinvestment in other land acquisitions for beneficiary in a timeframe established by the legislature (currently 5 years)
- Drives the current management of the unified trust of financial and land assets

IDAHO DEPARTMENT OF LANDS

Key Court Cases

- Idaho Watersheds Project v. State of Idaho Board of Land Commissioners (1)
- Idaho Watersheds Project v. State of Idaho Board of Land Commissioners (2)
  - The above further clarified that the beneficiaries are the key metric for financial performance not the greater Idaho economy or health of an industry
- Kempthorne v. Blaine County
  - IDL to follow county planning and zoning for commercial uses as defined by Idaho Statute 58-307. Case was a victory for the Land Board in the case of mineral leases not being a commercial use.
- Wasden v. State Board of Land Commissioners
  - Revenue maximization is paramount and "disposals" require auctions

Endowment Expectations

- “Endowment Investment” is the guiding principle
- Generational equity – payments to beneficiaries should go up not down
- “Unified” trust – land and financial considered together
- Secure the maximum long-term financial return
- Fiduciary Responsibility
  - Undivided loyalty to the beneficiaries
  - EFIB – manages financial assets
  - IDL – manages land assets of each trust
  - Prudent investor rule (Idaho code)

IDAHO DEPARTMENT OF LANDS

Endowment Expectations

Objectives:

1. Maximize long-term financial return at a prudent level of risk
2. Provide relatively stable and predictable distributions to the beneficiaries
3. Constrain distributions to protect future generations' purchasing power
4. Maintain sufficient liquidity for anticipated expenditures

Returns:

Earn a real net return above spending, inflation, and population growth over a long period

Given the current land asset mix, real net return of 3.6% long term

IDAHO DEPARTMENT OF LANDS

Today

- Timber is 90+ percent of gross and net income – This is good and bad
  - Timber management and logging industry is aging
  - Larger equipment and less ability to perform historical management
  - Mills driven to smaller diameter logs
  - Issues getting early rotation work done
  - Timber management for state slow to adapt to newer management styles due to state government processes and internal struggles with
    - Efficient contracting
    - Poor understanding of forest growth
    - Influence of local politics – aesthetics and historical concessions department has made
    - Change from biological rotations to economic rotations

Today (cont.)

- Leasing
  - This is the great unknown – vast income potential
  - Only means of diversification
  - What will Land Board allow?
  - What will local politics allow? Subject to planning and zoning, public meeting requirements
  - Adapting existing LB policies regarding recreation and work with sister agencies
- Data
  - From a GIS and Remote Sensing perspective we are in position to do the best strategic and tactical planning ever.
  - TSB staff willing to help and develop tools.

IDAHO DEPARTMENT OF LANDS

Vision Forward

- **PROGRAM DELIVERY CONSISTENCY**
- **We have to look forward while remembering the past and dealing with the present.**
- Quality control – ***everyone's*** responsibility to make sure policy, procedure, mission, and values are followed.
- Standardize and Leverage Technology
  - Standardized forms
  - Standardized tools and GIS apps that will be the "answer" for data
    - Slope, aspect, etc.
  - Cruise for value/marketing not volume (LiDAR/PhoDAR)
  - Look for commercial leasing opportunities that fit county planning and zoning
  - Drones and other ways to get advanced imagery and analytical data
- Look for opportunities to increase the margins!
  - Clean up fund integrity issues

IDAHO DEPARTMENT OF LANDS

Vision Forward – Recreation

- Current Land Board Policy is very dispersed recreation friendly
  - If you can get there legally, you can use it
  - 96% of endowment land is legally accessible*
- Recreation encouraged as long as it does not detract from the primary use of the land
- Very few commercial leases or permits that deal directly with “exclusive use” recreation
  - Tamarack Ski Resort
  - Idaho City motocross (1 day event, multiple day permit)
- More pressure on endowment lands with growing population
- Traditional public lands more restrictive on recreation than endowments

IDAHO DEPARTMENT OF LANDS

Questions?



IDAHO DEPARTMENT OF LANDS