

Brief History of Idaho's Endowment Trust Lands



As it was deliberating the Idaho Admissions Act in 1889, the United States Congress displayed uncommon wisdom by granting what would become the Union's 43rd member approximately 3,600,000 acres of land for the sole purpose of funding specified beneficiaries.

The Idaho Constitution was crafted to include Article IX, Section 8, which mandates that the lands will be managed "...in such manner as will secure the maximum long-term financial return to the institution to which [it is] granted."

Chief among the beneficiaries are the public schools, which received two sections of every township in the state (1/18 of the total land base). Beneficiaries of the other funds include the University of Idaho, State hospitals for the mentally ill, Lewis-Clark State College, State veterans homes, Idaho State University, the Capitol Commission, Idaho School for the Deaf and Blind, and Idaho's juvenile corrections system and prison system.

The prescribed income is generated in a number of ways: the sale of land; the sale of timber; leases for grazing, farming, conservation, commercial buildings, recreational homesites, and mining; and earnings from invested funds. The Endowment Fund Investment Board is charged with managing the invested revenues from the endowment lands.

Management activities on state endowment trust land are not intended to benefit the general public, but are directed solely to the good of the beneficiaries of the original land grants. Money generated from the management of these lands is deposited into the earnings reserve fund from which the costs of management and payments to the beneficiaries are made. Revenue from mineral royalties is deposited into the permanent endowment fund. Both the earnings reserve and permanent fund are invested by the Endowment Fund Investment Board. The investment return is distributed to the beneficiaries. Land sale revenue is deposited into the land bank and is available to purchase other land. If not expended for that purpose within five years, the land sale revenue is deposited into the permanent fund.

Management of endowment trust lands is entrusted to the State Board of Land Commissioners. The Idaho Department of Lands is the administrative arm of the Board and carries out the executive directives of the Board to meet the constitutional trust mandate.

Until 1968, it was limited to a "buy-and-hold" investment strategy as dictated by the original legislation that created the fund. Subsequent constitutional amendments approved in 1968 and 1998, enabled the board to take advantage of all the modern investment tools available to it. As a result, the fund's assets rose dramatically — from \$77 million when the board was created to more than \$1.4 billion today — with a corresponding increase in the financial resources available to the beneficiaries.