

REFERENCE TITLE: Amendments; Colorado River drought contingency

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

## HB 2545

Introduced by  
Representatives Bowers: Fernandez, Griffin

### AN ACT

AMENDING TITLE 45, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-118; REPEALING SECTION 45-118, ARIZONA REVISED STATUTES; AMENDING SECTIONS 45-514, 45-611, 45-613 AND 45-615, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 2, ARTICLE 11, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-615.01; REPEALING SECTION 45-615.01, ARIZONA REVISED STATUTES; AMENDING SECTION 45-802.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2012, CHAPTER 312, SECTION 2; AMENDING SECTION 45-802.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2013, CHAPTER 168, SECTION 4; AMENDING SECTIONS 45-851.01, 45-852.01, 45-853.01, 45-855.01 AND 45-2425, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 45, chapter 1, article 1, Arizona Revised  
3 Statutes, is amended by adding section 45-118, to read:

4 45-118. Arizona system conservation fund; purpose; report

5 A. THE ARIZONA SYSTEM CONSERVATION FUND IS ESTABLISHED CONSISTING  
6 OF LEGISLATIVE APPROPRIATIONS, GRANTS AND CONTRIBUTIONS FROM PRIVATE AND  
7 PUBLIC ENTITIES. THE DIRECTOR SHALL ADMINISTER THE FUND. MONIES IN THE  
8 FUND ARE CONTINUOUSLY APPROPRIATED FOR THE PURPOSES OF THIS SECTION. THE  
9 DIRECTOR MAY SPEND MONIES FROM THE FUND TO CONTRACT WITH COLORADO RIVER  
10 WATER USERS IN THIS STATE THAT HOLD ENTITLEMENTS TO COLORADO RIVER WATER  
11 UNDER THE DECREE IN ARIZONA V. CALIFORNIA TO FORGO WATER DELIVERIES OR  
12 DIVERSIONS FOR THE PURPOSE OF CREATING SYSTEM CONSERVATION. CONTRACTS  
13 ENTERED INTO PURSUANT TO THIS SECTION ARE EXEMPT FROM TITLE 41,  
14 CHAPTER 23.

15 B. SYSTEM CONSERVATION CREATED THROUGH THE USE OF THE FUND SHALL  
16 PROVIDE FOR COLORADO RIVER WATER TO BE CONSERVED IN LAKE MEAD THROUGH A  
17 VERIFIED REDUCTION IN EXISTING CONSUMPTIVE USE IN ORDER TO DECREASE THE  
18 LIKELIHOOD OF LAKE ELEVATIONS DROPPING TO LEVELS THAT COULD RESULT IN  
19 REDUCTIONS TO THIS STATE'S COLORADO RIVER ALLOCATION. SYSTEM CONSERVATION  
20 MUST BE CREATED FOR THE BENEFIT OF THE COLORADO RIVER SYSTEM AND NOT FOR  
21 THE BENEFIT OF ANY INDIVIDUAL COLORADO RIVER WATER USER.

22 C. ON NOTICE FROM THE DIRECTOR, THE STATE TREASURER SHALL INVEST  
23 AND DIVEST MONIES EARNED AS PROVIDED BY SECTION 35-313, AND MONIES EARNED  
24 FROM INVESTMENT SHALL BE CREDITED TO THE FUND. MONIES IN THE FUND ARE  
25 EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
26 APPROPRIATIONS.

27 D. BEGINNING JULY 1, 2021 AND ON JULY 1 EACH YEAR THEREAFTER, THE  
28 DIRECTOR SHALL SUBMIT A DETAILED REPORT TO THE GOVERNOR, THE PRESIDENT OF  
29 THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A  
30 COPY OF THIS REPORT TO THE SECRETARY OF STATE. THE REPORT SHALL DESCRIBE  
31 THE EXPENDITURES MADE FROM THE FUND DURING THE PREVIOUS FISCAL YEAR AND  
32 THE VOLUME OF WATER THAT WAS CONSERVED IN LAKE MEAD.

33 Sec. 2. Delayed repeal

34 Section 45-118, Arizona Revised Statutes, as added by this act, is  
35 repealed from and after March 31, 2027.

36 Sec. 3. Section 45-514, Arizona Revised Statutes, is amended to  
37 read:

38 45-514. Mineral extraction and metallurgical processing  
39 permit; conditions for issuance; duration of permit

40 A. Except as provided in subsection D of this section, a person who  
41 is engaged in or proposes to engage in the extraction and processing of  
42 minerals shall be issued a permit to withdraw groundwater in the required  
43 amount, if all of the following apply:

1           1. The amount of groundwater available for mineral extraction,  
2 metallurgical processing and compliance with applicable environmental  
3 controls under a dewatering permit is insufficient.

4           2. Uncommitted municipal and industrial central Arizona project  
5 water is not available at the point where the operator's wellhead or  
6 distribution system would otherwise be, at a cost which does not exceed  
7 the current municipal and industrial central Arizona project delivery  
8 rates.

9           3. Other surface water of adequate quality or effluent of adequate  
10 quality is not available at the point where the operator's wellhead or  
11 distribution system would otherwise be, at a cost, including treatment  
12 costs, which does not exceed by twenty-five ~~per cent~~ PERCENT the cost the  
13 operator would otherwise incur in withdrawing groundwater.

14           4. The applicant does not own or lease type 2 non-irrigation  
15 grandfathered rights originally based on withdrawals of groundwater for  
16 the extraction or processing of minerals that the applicant is not using  
17 or leasing and that can be used at the proposed location without imposing  
18 an unreasonable economic burden on the applicant.

19           B. A permit issued pursuant to this section shall be granted for a  
20 period of up to fifty years, subject to renewal under the same criteria  
21 used in granting the original permit.

22           C. If, during the duration of a mineral extraction and  
23 metallurgical processing permit, the director determines that uncommitted  
24 municipal and industrial central Arizona project water is available or  
25 surface water of adequate quality or effluent of adequate quality is  
26 available to the permittee at a cost comparable to groundwater, the  
27 director may require the permittee to use such water in lieu of  
28 groundwater.

29           D. Beginning January 1 of the calendar year following the year in  
30 which a groundwater replenishment district is required to submit its  
31 preliminary plan pursuant to section 45-576.02, subsection A, paragraph 1,  
32 and except for an application to renew a mineral extraction and  
33 metallurgical processing permit, on receiving a permit application the  
34 director shall not issue a permit for a well in the district unless at the  
35 time the application is filed:

36           1. The director has determined that the district's plan for  
37 operation is consistent with achieving the management goal, according to  
38 section 45-576.03, subsection E, and the designation has not expired.

39           2. The master replenishment account, as established in section  
40 45-858.01, does not have a debit balance in an amount in excess of the  
41 amount allowed under section 45-576.01, subsection A, paragraph 3.

42           E. If, during the duration of a mineral extraction and  
43 metallurgical processing permit issued after the effective date of this  
44 amendment to this section, the permittee earns long-term storage credits  
45 under section 45-852.01, subsection B for the storage of central Arizona

1 project water in the active management area in which the permittee has the  
2 right to withdraw groundwater pursuant to the permit, and the central  
3 Arizona project water qualified as water that cannot reasonably be used  
4 directly due solely to the exclusion of groundwater withdrawn by the  
5 permittee for mineral extraction or metallurgical processing pursuant to  
6 section 45-802.01, paragraph ~~22~~ 23, subdivision (c), the director shall  
7 establish a separate subaccount for those credits pursuant to section  
8 45-852.01, subsection A. After each calendar year in which the permit is  
9 in effect, the director shall debit the subaccount by the amount of  
10 groundwater pumped by the permittee in the active management area during  
11 that calendar year pursuant to the permit, not to exceed the amount of  
12 long-term storage credits in the subaccount. This subsection shall not  
13 apply to:

14 1. A mineral extraction and metallurgical processing permit issued  
15 on or before the effective date of this amendment to this section,  
16 including any renewal or modification of the permit.

17 2. A mineral extraction and metallurgical processing permit unless  
18 the permittee was engaged in mineral extraction and metallurgical  
19 processing within an initial active management area on or before January  
20 1, 2011.

21 Sec. 4. Section 45-611, Arizona Revised Statutes, is amended to  
22 read:

23 45-611. Groundwater withdrawal fee; amounts and purposes of  
24 fee; exception

25 A. Except as provided in subsection B of this section, the director  
26 shall levy and collect an annual groundwater withdrawal fee from each  
27 person withdrawing groundwater in the Prescott active management area or  
28 the person who owns the right to withdraw the groundwater, in an amount  
29 not to exceed ~~five dollars~~ \$5 per acre-foot of groundwater withdrawn and  
30 beneficially used. The director shall levy and collect an annual  
31 withdrawal fee from each person withdrawing water, other than stored  
32 water, from a well in the Santa Cruz active management area or the person  
33 who owns the right to withdraw the water, in an amount not to exceed ~~five~~  
34 ~~dollars~~ \$5 per acre-foot of water, other than stored water, that is  
35 withdrawn and beneficially used. For THE purposes of this article, the  
36 annual withdrawal fee levied and collected in the Santa Cruz active  
37 management area shall be considered a groundwater withdrawal fee. The  
38 actual amount of the fee levied and collected by the director pursuant to  
39 this subsection shall be set by the director as follows:

40 1. For administration and enforcement of this chapter, an amount  
41 not less than ~~fifty cents~~ \$.50 and not greater than ~~one dollar~~ \$1 per  
42 acre-foot per year. The initial fee for administration and enforcement  
43 shall be levied as soon as practicable after the active management area is  
44 established.

1           2. For augmentation of the water supply of the active management  
2 area, conservation assistance to water users within the active management  
3 area and monitoring and assessing water availability within the active  
4 management area, an amount not greater than ~~two dollars~~ \$2 per acre-foot  
5 per year.

6           3. For purchasing and retiring grandfathered rights, an amount not  
7 greater than ~~two dollars~~ \$2 per acre-foot per year. The initial fee for  
8 purchasing and retiring grandfathered rights shall be levied in the first  
9 year in which the director develops and implements a program for the  
10 purchase and retirement of grandfathered rights as part of the management  
11 plan for the active management area, but not earlier than January 1, 2006.  
12 The director may not levy a fee under this paragraph on a district member  
13 of a groundwater replenishment district that withdraws groundwater in the  
14 district for a non-irrigation use in the district.

15           B. A person, other than an irrigation district, who withdraws  
16 groundwater in an active management area from a non-exempt well for use  
17 pursuant to an irrigation grandfathered right that is appurtenant to ten  
18 or fewer irrigation acres and the person who owns the right to withdraw  
19 the groundwater are exempt from the groundwater withdrawal fee  
20 requirements of subsections A and C of this section for those withdrawals  
21 unless the irrigation acres are part of an integrated farming operation.

22           C. Except as provided in section 45-411.01, subsection C and  
23 subsection B of this section, the director shall levy and collect an  
24 annual groundwater withdrawal fee from each person who withdraws  
25 groundwater in the Tucson, Phoenix and Pinal active management areas or  
26 the person who owns the right to withdraw the groundwater, in an amount of  
27 not more than ~~five dollars~~ \$5 per acre-foot of groundwater withdrawn and  
28 beneficially used. The director shall set the actual amount of the fee as  
29 follows:

30           1. In the Tucson and Phoenix active management areas, beginning in  
31 2017, for administration and enforcement of this chapter, an amount of at  
32 least ~~fifty cents~~ \$.50 but not more than ~~one dollar~~ \$1 per acre-foot per  
33 year. In the Pinal active management area, beginning in 2017, for  
34 administration and enforcement of this chapter, an amount of not more than  
35 ~~one dollar~~ \$1 per acre-foot per year.

36           2. ~~Through 2016,~~ For augmentation of the water supply of the active  
37 management area, conservation assistance to water users within the active  
38 management area and monitoring and assessing water availability within the  
39 active management area, ~~an amount of not more than fifty cents per acre-~~  
40 ~~foot per year, and after 2016,~~ an amount of not more than ~~two dollars~~ \$2  
41 per acre-foot per year. If a permanent board of directors of an active  
42 management area water district assumes office under section 48-4831, the  
43 fee for augmentation under this paragraph shall not be levied in that  
44 active management area.

1           3. In the Tucson and Phoenix active management areas, for Arizona  
2 water banking purposes, the amount of ~~two dollars fifty cents~~ \$2.50 per  
3 acre-foot per year. In the Pinal active management area, ~~through 2016,~~  
4 ~~for Arizona water banking purposes, including replenishment under chapter~~  
5 ~~15, article 3 of this title, the amount of two dollars fifty cents per~~  
6 ~~acre-foot per year and, beginning in 2017,~~ for Arizona water banking  
7 purposes, including replenishment under chapter 15, article 3 of this  
8 title, an amount of not more than ~~two dollars fifty cents~~ \$2.50 per  
9 acre-foot per year, EXCEPT THAT NO FEE SHALL BE LEVIED IN THE PINAL ACTIVE  
10 MANAGEMENT AREA FOR THIS PURPOSE DURING CALENDAR YEARS 2020 THROUGH 2026.

11           4. For purchasing and retiring grandfathered rights, an amount of  
12 not more than ~~two dollars~~ \$2 per acre-foot per year. The initial fee for  
13 purchasing and retiring grandfathered rights shall be levied in the first  
14 year in which the director develops and implements a program for the  
15 purchase and retirement of grandfathered rights as part of the management  
16 plan for the active management area, but not earlier than January 1, 2006.  
17 The director may not levy a fee pursuant to this paragraph on a district  
18 member of a groundwater replenishment district that withdraws groundwater  
19 in the district for non-irrigation use in the district.

20           5. IN THE PINAL ACTIVE MANAGEMENT AREA, BEGINNING FROM AND AFTER  
21 DECEMBER 31, 2019 THROUGH FROM AND AFTER DECEMBER 31, 2026, AN AMOUNT OF  
22 NOT MORE THAN \$2.50 PER ACRE-FOOT PER YEAR FOR GROUNDWATER AND IRRIGATION  
23 EFFICIENCY PROJECTS.

24           Sec. 5. Section 45-613, Arizona Revised Statutes, is amended to  
25 read:

26           45-613. Use of withdrawal fees collected for augmentation and  
27 conservation and purchase and retirement of  
28 grandfathered rights, Arizona water banking  
29 purposes and groundwater and irrigation efficiency  
30 projects

31           A. Except as provided in section 45-615, paragraph 2 and sections  
32 45-1972 and 48-4504, monies collected in an active management area for  
33 purposes of augmentation, conservation assistance and monitoring and  
34 assessing water availability under section 45-611, subsection A, paragraph  
35 2 and subsection C, paragraph 2 shall be used only to finance the  
36 augmentation and conservation assistance programs that are part of the  
37 management plan for the active management area and to fund any projects  
38 that are authorized by the director for monitoring and assessing water  
39 availability within the active management area.

40           B. Monies collected in an active management area for the purpose of  
41 purchasing and retiring grandfathered rights under section 45-611,  
42 subsection A, paragraph 3 and subsection C, paragraph 4 shall be used only  
43 to finance the program for the purchase and retirement of grandfathered  
44 rights that is part of the management plan for the active management area.

1 C. Monies collected in an active management area for the purpose of  
2 Arizona water banking under section 45-611, subsection C, paragraph 3  
3 shall be used only for the benefit of the active management area in which  
4 they are collected.

5 D. MONIES COLLECTED IN THE PINAL ACTIVE MANAGEMENT AREA FOR THE  
6 PURPOSE OF GROUNDWATER AND IRRIGATION EFFICIENCY PROJECTS UNDER SECTION  
7 45-611, SUBSECTION C, PARAGRAPH 5 SHALL BE USED ONLY TO FINANCE PROJECTS  
8 FOR THE CONSTRUCTION AND REHABILITATION OF WELLS AND RELATED  
9 INFRASTRUCTURE FOR THE WITHDRAWAL AND EFFICIENT DELIVERY OF GROUNDWATER BY  
10 IRRIGATION DISTRICTS IN THE PINAL ACTIVE MANAGEMENT AREA.

11 Sec. 6. Section 45-615, Arizona Revised Statutes, is amended to  
12 read:

13 45-615. Deposits; divisions of collections into funds

14 Except as provided in section 45-113, subsection C, the director  
15 shall deposit, pursuant to sections 35-146 and 35-147, all monies  
16 collected by the department pursuant to section 45-611, subsection A,  
17 paragraphs 2 and 3 and subsection C, paragraphs 2, 3 and 4 and any other  
18 monies received for that purpose. Based on the statement of the director  
19 transmitted pursuant to section 45-614, subsection B, the monies collected  
20 shall be allocated as follows:

21 1. Except as provided in paragraph 2 of this section, monies  
22 received for the purpose of augmentation of the water supply of the active  
23 management area, conservation assistance to water users within the active  
24 management area and monitoring and assessing water availability within the  
25 active management area shall be kept in an augmentation and conservation  
26 assistance fund. Separate accounts for each active management area shall  
27 be maintained within the fund. On notice from the director, the state  
28 treasurer shall invest and divest monies in the fund as provided by  
29 section 35-313, and monies earned from investment shall be credited to the  
30 fund.

31 2. If an active management area water district has been established  
32 in an active management area, all monies received pursuant to section  
33 45-611, subsection A, paragraph 2 for the purpose of augmentation of the  
34 water supply of that active management area shall be transmitted to the  
35 secretary-treasurer of the district for deposit in the general fund of the  
36 district.

37 3. Monies received for the purpose of purchase and retirement of  
38 grandfathered rights shall be kept in a purchase and retirement fund.  
39 Separate accounts for each active management area shall be maintained  
40 within the fund. On notice from the director, the state treasurer shall  
41 invest and divest monies in the fund as provided by section 35-313, and  
42 monies earned from investment shall be credited to the fund.

43 4. Monies received for the purpose of Arizona water banking shall  
44 be deposited, pursuant to sections 35-146 and 35-147, in the Arizona water  
45 banking fund.

1 5. MONIES COLLECTED BY THE DIRECTOR PURSUANT TO SECTION 45-611,  
2 SUBSECTION C, PARAGRAPH 5 SHALL BE DEPOSITED IN THE TEMPORARY GROUNDWATER  
3 AND IRRIGATION EFFICIENCY PROJECTS FUND ESTABLISHED BY SECTION 45-615.01.

4 Sec. 7. Title 45, chapter 2, article 11, Arizona Revised Statutes,  
5 is amended by adding section 45-615.01, to read:

6 45-615.01. Temporary groundwater and irrigation efficiency  
7 projects fund; purpose; report

8 A. THE TEMPORARY GROUNDWATER AND IRRIGATION EFFICIENCY PROJECTS  
9 FUND IS ESTABLISHED FOR THE PURPOSE OF FUNDING PROJECTS FOR THE  
10 CONSTRUCTION AND REHABILITATION OF WELLS AND RELATED INFRASTRUCTURE FOR  
11 THE WITHDRAWAL AND EFFICIENT DELIVERY OF GROUNDWATER BY IRRIGATION  
12 DISTRICTS IN THE PINAL ACTIVE MANAGEMENT AREA AND THE HARQUAHALA  
13 IRRIGATION NON-EXPANSION AREA. THE FUND CONSISTS OF LEGISLATIVE  
14 APPROPRIATIONS, GROUNDWATER WITHDRAWAL FEES COLLECTED IN THE PINAL ACTIVE  
15 MANAGEMENT AREA PURSUANT TO SECTION 45-611, SUBSECTION C, PARAGRAPH 5,  
16 GRANTS FROM FEDERAL AGENCIES AND MONIES DEPOSITED IN THE FUND BY  
17 IRRIGATION DISTRICTS IN THE PINAL ACTIVE MANAGEMENT AREA AND THE  
18 HARQUAHALA IRRIGATION NON-EXPANSION AREA. GROUNDWATER WITHDRAWAL FEES  
19 DEPOSITED IN THE FUND SHALL BE ACCOUNTED FOR SEPARATELY FROM OTHER MONIES  
20 IN THE FUND AND SHALL BE USED ONLY FOR CONSTRUCTING AND REHABILITATING  
21 WELLS AND RELATED INFRASTRUCTURE IN THE PINAL ACTIVE MANAGEMENT AREA.  
22 MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED FOR THE PURPOSES OF THIS  
23 SECTION.

24 B. THE DIRECTOR MAY ACCEPT AND DEPOSIT INTO THE FUND MONIES,  
25 GRANTS, GIFTS, CONTRIBUTIONS AND DEVICES TO ASSIST IN CARRYING OUT THE  
26 PURPOSES OF THIS SECTION.

27 C. THE DIRECTOR SHALL ADMINISTER THE FUND. ON NOTICE FROM THE  
28 DIRECTOR, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND  
29 AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE  
30 CREDITED TO THE FUND.

31 D. THE DIRECTOR MAY GRANT MONIES FROM THE FUND TO IRRIGATION  
32 DISTRICTS IN THE PINAL ACTIVE MANAGEMENT AREA AND THE HARQUAHALA  
33 IRRIGATION DISTRICT FOR THE PURPOSES DESCRIBED IN SUBSECTION A OF THIS  
34 SECTION. IN GRANTING MONIES FROM THE FUND, THE DIRECTOR MAY GIVE  
35 PREFERENCE TO WELLS AND RELATED INFRASTRUCTURE THAT WOULD BE USED TO  
36 RECOVER STORED WATER. GRANTS MADE TO THESE IRRIGATION DISTRICTS ARE  
37 EXEMPT FROM TITLE 41, CHAPTER 24.

38 E. BEFORE DECEMBER 31 OF EACH YEAR, THE DIRECTOR SHALL SUBMIT TO  
39 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE  
40 SENATE A WRITTEN REPORT DESCRIBING THE ACTIVITIES OF THE DEPARTMENT FOR  
41 THE PRECEDING FISCAL YEAR RELATED TO EXPENDITURES FROM THE FUND. THE  
42 REPORT SHALL INCLUDE AN ACCOUNTING FOR EXPENDITURES FROM THE FUND AND HOW  
43 THE MONIES WERE USED TO FINANCE PROJECTS FOR THE CONSTRUCTION AND  
44 REHABILITATION OF WELLS AND RELATED INFRASTRUCTURE FOR THE WITHDRAWAL AND



1 EFFICIENT DELIVERY OF GROUNDWATER BY IRRIGATION DISTRICTS IN THE PINAL  
2 ACTIVE MANAGEMENT AREA AND THE HARQUAHALA IRRIGATION NON-EXPANSION AREA.

3 F. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION, MONIES IN  
4 THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTIONS 35-190 RELATING TO  
5 LAPSING OF APPROPRIATIONS.

6 G. ON JUNE 30, 2027, ANY UNENCUMBERED MONIES IN THE FUND SHALL BE  
7 PROPORTIONALLY DISTRIBUTED TO THE FUND'S CONTRIBUTORS BY DECEMBER 31, 2027  
8 ACCORDING TO THE TOTAL AMOUNT OF MONIES DEPOSITED IN THE FUND BY EACH  
9 CONTRIBUTOR. THE PROPORTION OF THE UNENCUMBERED MONIES ATTRIBUTABLE TO  
10 GROUNDWATER WITHDRAWAL FEES LEVIED UNDER SECTION 45-611, SUBSECTION C,  
11 PARAGRAPH 5 SHALL BE DEPOSITED IN THE ARIZONA WATER BANKING FUND  
12 ESTABLISHED BY SECTION 45-2425 AND SHALL BE USED ONLY IN THE PINAL ACTIVE  
13 MANAGEMENT AREA IN THE SAME MANNER AS GROUNDWATER WITHDRAWAL FEES  
14 COLLECTED IN THE PINAL ACTIVE MANAGEMENT AREA PURSUANT TO SECTION 45-611,  
15 SUBSECTION C, PARAGRAPH 3.

16 H. ALL MONIES DEPOSITED IN THE TEMPORARY GROUNDWATER AND IRRIGATION  
17 EFFICIENCY PROJECTS FUND SHALL BE HELD IN TRUST. THE MONIES IN THE FUND  
18 MAY BE USED ONLY FOR THE PURPOSES PRESCRIBED IN THIS SECTION AND MAY NOT  
19 BE APPROPRIATED OR TRANSFERRED BY THE LEGISLATURE TO FUND THE GENERAL  
20 OPERATIONS OF THIS STATE OR TO OTHERWISE MEET THE OBLIGATIONS OF THE STATE  
21 GENERAL FUND. THIS SUBSECTION DOES NOT APPLY TO ANY TAXES OR OTHER LEVIES  
22 THAT ARE IMPOSED PURSUANT TO TITLE 42 OR 43.

23 Sec. 8. Delayed repeal

24 Section 45-615.01, Arizona Revised Statutes, as added by this act,  
25 is repealed from and after March 31, 2028.

26 Sec. 9. Section 45-802.01, Arizona Revised Statutes, as amended by  
27 Laws 2012, chapter 312, section 2, is amended to read:

28 45-802.01. Definitions

29 Unless the context otherwise requires, the terms defined in section  
30 45-402 have the same meanings in this chapter and:

31 1. "Aquifer" means a geologic formation that contains sufficient  
32 saturated material to be capable of storing water and transmitting water  
33 in usable quantities to a well.

34 2. "Area of impact" means, as projected on the land surface, the  
35 area where the stored water has migrated or is located.

36 3. "CERCLA" means the comprehensive environmental response,  
37 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.  
38 2767; 42 United States Code sections 9601 through 9657), commonly known as  
39 "superfund".

40 4. "Constructed underground storage facility" means a facility that  
41 meets the requirements of section 45-811.01 and that is designed and  
42 constructed to store water underground pursuant to permits issued under  
43 this chapter.

44 5. "District" means a groundwater replenishment district  
45 established under title 48, chapter 27.

1           6. "District member" means a member of the groundwater  
2 replenishment district as provided by title 48, chapter 27.

3           7. "Electrical district" means a corporate body established  
4 pursuant to title 48, chapter 12.

5           8. "EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY" MEANS A  
6 MANAGED UNDERGROUND STORAGE FACILITY THAT MEETS ONE OF THE FOLLOWING  
7 CONDITIONS:

8           (a) THE FACILITY IS OPERATED PURSUANT TO A STORAGE FACILITY PERMIT  
9 THAT THE DIRECTOR ISSUED BEFORE JANUARY 1, 2019 AND THAT AUTHORIZES THE  
10 STORAGE OF EFFLUENT AT THE FACILITY.

11           (b) THE FACILITY IS OPERATED PURSUANT TO A RENEWED OR MODIFIED  
12 STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED AFTER JANUARY 1, 2019 IF  
13 THE ORIGINAL STORAGE FACILITY PERMIT WAS ISSUED BEFORE JANUARY 1, 2019 AND  
14 AUTHORIZED THE STORAGE OF EFFLUENT AT THE FACILITY.

15           (c) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR  
16 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT  
17 AT A LOCATION WHERE THE PERMIT HOLDER WAS AUTHORIZED TO STORE EFFLUENT  
18 PURSUANT TO A STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED BEFORE  
19 JANUARY 1, 2019.

20           (d) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR  
21 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT  
22 AT THE FACILITY, AND THE APPLICATION TO OPERATE THE FACILITY WAS ON FILE  
23 WITH THE DIRECTOR AS OF JANUARY 1, 2019.

24           ~~8.~~ 9. "Groundwater savings facility" means a facility that meets  
25 the requirements of section 45-812.01 in an active management area or an  
26 irrigation non-expansion area at which groundwater withdrawals are  
27 eliminated or reduced by recipients who use in lieu water on a  
28 gallon-for-gallon substitute basis for groundwater that otherwise would  
29 have been pumped from within that active management area or irrigation  
30 non-expansion area.

31           ~~9.~~ 10. "In lieu water" means water that is delivered by a storer  
32 to a groundwater savings facility pursuant to permits issued under this  
33 chapter and that is used in an active management area or an irrigation  
34 non-expansion area by the recipient on a gallon-for-gallon substitute  
35 basis for groundwater that otherwise would have been pumped from within  
36 that active management area or irrigation non-expansion area.

37           ~~10.~~ 11. "Long-term storage account" means an account established  
38 pursuant to section 45-852.01.

39           ~~11.~~ 12. "Long-term storage credit" means stored water that meets  
40 the requirements of section 45-852.01 and that has been credited to a  
41 long-term storage account.

42           ~~12.~~ 13. "Managed underground storage facility" means a facility  
43 that meets the requirements of section 45-811.01 and that is designed and  
44 managed to utilize the natural channel of a stream to store water  
45 underground pursuant to permits issued under this chapter through

1 artificial and controlled releases of water other than surface water  
2 naturally present in the stream. Surface water flowing in its natural  
3 channel is not a managed underground storage facility.

4 ~~13:~~ 14. "Master replenishment account" means an account established  
5 pursuant to section 45-858.01 for a groundwater replenishment district.

6 ~~14:~~ 15. "Recipient" means a person who receives in lieu water for  
7 use at a groundwater savings facility.

8 ~~15:~~ 16. "Recoverable amount" means the amount of water, as  
9 determined by the director, that will reach the aquifer through water  
10 storage.

11 ~~16:~~ 17. "Replenishment" means the storage of water or use of  
12 long-term storage credits by a groundwater replenishment district to  
13 fulfill its duties under title 48, chapter 27, article 3, by a  
14 multi-county water conservation district to fulfill its duties under title  
15 48, chapter 22, article 4 or by an active management area water district  
16 to fulfill its duties under title 48, chapter 28, article 7.

17 ~~17:~~ 18. "Reserve target" has the same meaning prescribed in section  
18 48-3701.

19 ~~18:~~ 19. "Storage facility" means a groundwater savings facility or  
20 an underground storage facility.

21 ~~19:~~ 20. "Stored water" means water that has been stored or saved  
22 underground pursuant to a storage permit issued under this chapter.

23 ~~20:~~ 21. "Storer" means the holder of a water storage permit issued  
24 pursuant to section 45-831.01 or a person to whom a water storage permit  
25 has been conveyed pursuant to section 45-831.01, subsection F.

26 ~~21:~~ 22. "Underground storage facility" means a constructed  
27 underground storage facility or a managed underground storage facility.

28 ~~22:~~ 23. "Water that cannot reasonably be used directly" means water  
29 that the storer cannot reasonably put to a direct use during the calendar  
30 year, including:

31 (a) Except as provided in subdivision (b) or except for an  
32 agricultural improvement district as provided in subdivision (d), if the  
33 storer is a municipal provider, the amount of central Arizona project  
34 water that exceeds the amount of mined groundwater withdrawn during the  
35 calendar year by the storer in the active management area in which the  
36 storer's service area is located. If the storer withdrew mined  
37 groundwater during a calendar year in which the storer stored central  
38 Arizona project water underground pursuant to the storage permit, the  
39 amount of central Arizona project water stored underground during that  
40 year equal to the amount of mined groundwater withdrawn from the active  
41 management area in which the storer's service area is located shall not be  
42 credited to the storer's long-term storage account but may be considered  
43 as being available for recovery by the storer on an annual basis under  
44 section 45-851.01. In calculating the amount of mined groundwater  
45 withdrawn by the storer from the active management area, the director, at

1 the request of the storer, shall exclude any groundwater withdrawn,  
2 treated and delivered for direct use as part of a remedial action  
3 undertaken pursuant to CERCLA or title 49, chapter 2, article 5. For the  
4 purposes of this subdivision, "mined groundwater" and "municipal provider"  
5 have the same meanings prescribed in section 45-561.

6 (b) If the storer is a municipal provider that has been designated  
7 as having an assured water supply pursuant to section 45-576, the amount  
8 of central Arizona project water that exceeds the amount of deficit  
9 groundwater withdrawn during the calendar year by the storer in the active  
10 management area in which the storer's service area is located. If the  
11 storer withdrew deficit groundwater during a calendar year in which the  
12 storer stored central Arizona project water underground pursuant to the  
13 storage permit, the amount of the central Arizona project water stored  
14 underground during that year equal to the amount of deficit groundwater  
15 withdrawn from the active management area in which the storer's service  
16 area is located shall not be credited to the storer's long-term storage  
17 account but may be considered as being available for recovery by the  
18 storer on an annual basis pursuant to section 45-851.01. In calculating  
19 the amount of deficit groundwater withdrawn by the storer from the active  
20 management area, the director, at the request of the storer, shall exclude  
21 any groundwater withdrawn, treated and delivered for direct use as part of  
22 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,  
23 article 5. For the purposes of this subdivision, "municipal provider" has  
24 the same meaning prescribed in section 45-561 and "deficit groundwater"  
25 means that amount of groundwater withdrawn within an active management  
26 area for delivery and use within a service area by a municipal provider in  
27 excess of the amount of groundwater that may be withdrawn by the municipal  
28 provider consistent with the achievement of the active management area's  
29 management goals as prescribed by rules adopted by the director pursuant  
30 to section 45-576.

31 (c) Except as provided in subdivision (d), if the storer is not a  
32 municipal provider, the amount of central Arizona project water stored in  
33 an active management area that exceeds the amount of groundwater withdrawn  
34 during the calendar year by the storer in that active management area. If  
35 the storer withdrew groundwater in an active management area during a  
36 calendar year in which the storer stored central Arizona project water  
37 underground in that active management area pursuant to the storage permit,  
38 the amount of central Arizona project water stored underground during that  
39 year equal to the amount of groundwater withdrawn from the active  
40 management area shall not be credited to the storer's long-term storage  
41 account but may be considered as being available for recovery by the  
42 storer on an annual basis under section 45-851.01. For the purposes of  
43 this subdivision, "municipal provider" has the same meaning prescribed in  
44 section 45-561. In calculating the amount of groundwater withdrawn by the

1 storer from the active management area, the director, at the request of  
2 the storer, shall exclude:

3 (i) The amount of groundwater withdrawn, treated and delivered for  
4 direct use as part of a remedial action undertaken pursuant to CERCLA or  
5 title 49, chapter 2, article 5.

6 (ii) The amount of groundwater withdrawn by the storer during the  
7 year for mineral extraction and metallurgical processing and delivered  
8 during that year for direct use to an irrigation district that is  
9 established pursuant to title 48, chapter 19 and that is located in the  
10 same active management area from which the amount of groundwater was  
11 withdrawn to the extent that the irrigation district or its customers  
12 demonstrate a reduction in the amount of groundwater that they otherwise  
13 would have withdrawn during that year within the irrigation district.

14 (iii) The amount of groundwater withdrawn by the storer during the  
15 year for mineral extraction or metallurgical processing if the storer was  
16 engaged in mineral extraction and metallurgical processing within an  
17 initial active management area on or before January 1, 2011.

18 (d) The amount of central Arizona project water stored in an active  
19 management area in any year after 1994 by an agricultural improvement  
20 district established pursuant to title 48, chapter 17 for use at those  
21 portions of electrical generating facilities that are constructed or  
22 expanded after June 12, 1980, subject to both of the following:

23 (i) If groundwater was used during a year in an active management  
24 area at those portions of the electrical generating facilities that were  
25 owned and operated by the agricultural improvement district and that were  
26 constructed or expanded after June 12, 1980, the amount of the central  
27 Arizona project water stored during that year equal to the amount of the  
28 groundwater withdrawn during the year for use at those portions of the  
29 facilities that were owned and operated by the agricultural improvement  
30 district and that were constructed or expanded after June 12, 1980 shall  
31 not be credited to the agricultural improvement district's long-term  
32 storage account but may be considered as being available for recovery by  
33 the agricultural improvement district on an annual basis under section  
34 45-851.01.

35 (ii) Long-term storage credits accrued as a result of the storage  
36 of the central Arizona project water may be recovered within the active  
37 management area by the agricultural improvement district only for the  
38 purpose of providing central Arizona project water to electrical  
39 generating facilities that were owned and operated by the agricultural  
40 improvement district and only pursuant to any water requirement included  
41 in a facility's certificate of environmental compatibility. Subject to  
42 section 45-854.01, the long-term storage credits may be assigned by the  
43 agricultural improvement district only to the owner of an electrical  
44 generating facility for use pursuant to any water requirement included in  
45 that facility's certificate of environmental compatibility.

1 (e) Surface water made available by dams constructed or modified  
2 after August 13, 1986.

3 (f) EFFLUENT

4 ~~(f)~~ (g) Until the year 2025:

5 ~~(i) Effluent.~~

6 ~~(ii)~~ (i) If the storage facility is in an active management area,  
7 water from outside the active management area that would not have reached  
8 the active management area without the efforts of the storer.

9 ~~(iii)~~ (ii) If the storage facility is outside of an active  
10 management area, water from outside the groundwater basin in which the  
11 storage facility is located that would not have reached the groundwater  
12 basin without the efforts of the storer.

13 ~~(g)~~ (h) Water that is delivered through the central Arizona  
14 project and that is acquired by the Arizona water banking authority.

15 ~~23.~~ 24. "Water storage" means adding water to an aquifer or saving  
16 water in an aquifer pursuant to permits issued under this chapter.

17 ~~24.~~ 25. "Water storage permit" means a permit issued pursuant to  
18 section 45-831.01 to store water at a storage facility.

19 Sec. 10. Section 45-802.01, Arizona Revised Statutes, as amended by  
20 Laws 2013, chapter 168, section 4, is amended effective from and after  
21 December 31, 2024, to read:

22 45-802.01. Definitions

23 Unless the context otherwise requires, the terms defined in section  
24 45-402 have the same meanings in this chapter and:

25 1. "Aquifer" means a geologic formation that contains sufficient  
26 saturated material to be capable of storing water and transmitting water  
27 in usable quantities to a well.

28 2. "Area of impact" means, as projected on the land surface, the  
29 area where the stored water has migrated or is located.

30 3. "CERCLA" means the comprehensive environmental response,  
31 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.  
32 2767; 42 United States Code sections 9601 through 9657), commonly known as  
33 "superfund".

34 4. "Constructed underground storage facility" means a facility that  
35 meets the requirements of section 45-811.01 and that is designed and  
36 constructed to store water underground pursuant to permits issued under  
37 this chapter.

38 5. "District" means a groundwater replenishment district  
39 established under title 48, chapter 27.

40 6. "District member" means a member of the groundwater  
41 replenishment district as provided by title 48, chapter 27.

42 7. "Electrical district" means a corporate body established  
43 pursuant to title 48, chapter 12.

1           8. "EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY" MEANS A  
2 MANAGED UNDERGROUND STORAGE FACILITY THAT MEETS ONE OF THE FOLLOWING  
3 CONDITIONS:

4           (a) THE FACILITY IS OPERATED PURSUANT TO A STORAGE FACILITY PERMIT  
5 THAT THE DIRECTOR ISSUED BEFORE JANUARY 1, 2019 AND THAT AUTHORIZES THE  
6 STORAGE OF EFFLUENT AT THE FACILITY.

7           (b) THE FACILITY IS OPERATED PURSUANT TO A RENEWED OR MODIFIED  
8 STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED AFTER JANUARY 1, 2019 IF  
9 THE ORIGINAL STORAGE FACILITY PERMIT WAS ISSUED BEFORE JANUARY 1, 2019 AND  
10 AUTHORIZED THE STORAGE OF EFFLUENT AT THE FACILITY.

11           (c) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR  
12 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT  
13 AT A LOCATION WHERE THE PERMIT HOLDER WAS AUTHORIZED TO STORE EFFLUENT  
14 PURSUANT TO A STORAGE FACILITY PERMIT THAT THE DIRECTOR ISSUED BEFORE  
15 JANUARY 1, 2019.

16           (d) THE FACILITY IS OPERATED PURSUANT TO A PERMIT THAT THE DIRECTOR  
17 ISSUED AFTER JANUARY 1, 2019 AND THAT AUTHORIZES THE STORAGE OF EFFLUENT  
18 AT THE FACILITY, AND THE APPLICATION TO OPERATE THE FACILITY WAS ON FILE  
19 WITH THE DIRECTOR AS OF JANUARY 1, 2019.

20           ~~8.~~ 9. "Groundwater savings facility" means a facility that meets  
21 the requirements of section 45-812.01 in an active management area or an  
22 irrigation non-expansion area at which groundwater withdrawals are  
23 eliminated or reduced by recipients who use in lieu water on a  
24 gallon-for-gallon substitute basis for groundwater that otherwise would  
25 have been pumped from within that active management area or irrigation  
26 non-expansion area.

27           ~~9.~~ 10. "In lieu water" means water that is delivered by a storer  
28 to a groundwater savings facility pursuant to permits issued under this  
29 chapter and that is used in an active management area or an irrigation  
30 non-expansion area by the recipient on a gallon-for-gallon substitute  
31 basis for groundwater that otherwise would have been pumped from within  
32 that active management area or irrigation non-expansion area.

33           ~~10.~~ 11. "Long-term storage account" means an account established  
34 pursuant to section 45-852.01.

35           ~~11.~~ 12. "Long-term storage credit" means stored water that meets  
36 the requirements of section 45-852.01 and that has been credited to a  
37 long-term storage account.

38           ~~12.~~ 13. "Managed underground storage facility" means a facility  
39 that meets the requirements of section 45-811.01 and that is designed and  
40 managed to utilize the natural channel of a stream to store water  
41 underground pursuant to permits issued under this chapter through  
42 artificial and controlled releases of water other than surface water  
43 naturally present in the stream. Surface water flowing in its natural  
44 channel is not a managed underground storage facility.

1       ~~13.~~ 14. "Master replenishment account" means an account established  
2 pursuant to section 45-858.01 for a groundwater replenishment district.  
3       ~~14.~~ 15. "Recipient" means a person who receives in lieu water for  
4 use at a groundwater savings facility.  
5       ~~15.~~ 16. "Recoverable amount" means the amount of water, as  
6 determined by the director, that will reach the aquifer through water  
7 storage.  
8       ~~16.~~ 17. "Replenishment" means the storage of water or use of  
9 long-term storage credits by a groundwater replenishment district to  
10 fulfill its duties under title 48, chapter 27, article 3, by a  
11 multi-county water conservation district to fulfill its duties under title  
12 48, chapter 22, article 4 or by an active management area water district  
13 to fulfill its duties under title 48, chapter 28, article 7.  
14       ~~17.~~ 18. "Reserve target" has the same meaning prescribed in section  
15 48-3701.  
16       ~~18.~~ 19. "Storage facility" means a groundwater savings facility or  
17 an underground storage facility.  
18       ~~19.~~ 20. "Stored water" means water that has been stored or saved  
19 underground pursuant to a storage permit issued under this chapter.  
20       ~~20.~~ 21. "Storer" means the holder of a water storage permit issued  
21 pursuant to section 45-831.01 or a person to whom a water storage permit  
22 has been conveyed pursuant to section 45-831.01, subsection F.  
23       ~~21.~~ 22. "Underground storage facility" means a constructed  
24 underground storage facility or a managed underground storage facility.  
25       ~~22.~~ 23. "Water that cannot reasonably be used directly" means water  
26 that the storer cannot reasonably put to a direct use during the calendar  
27 year, including:  
28       (a) Except as provided in subdivision (b) or except for an  
29 agricultural improvement district as provided in subdivision (d), if the  
30 storer is a municipal provider, the amount of central Arizona project  
31 water that exceeds the amount of mined groundwater withdrawn during the  
32 calendar year by the storer in the active management area in which the  
33 storer's service area is located. If the storer withdrew mined  
34 groundwater during a calendar year in which the storer stored central  
35 Arizona project water underground pursuant to the storage permit, the  
36 amount of central Arizona project water stored underground during that  
37 year equal to the amount of mined groundwater withdrawn from the active  
38 management area in which the storer's service area is located shall not be  
39 credited to the storer's long-term storage account but may be considered  
40 as being available for recovery by the storer on an annual basis under  
41 section 45-851.01. In calculating the amount of mined groundwater  
42 withdrawn by the storer from the active management area, the director, at  
43 the request of the storer, shall exclude any groundwater withdrawn,  
44 treated and delivered for direct use as part of a remedial action  
45 undertaken pursuant to CERCLA or title 49, chapter 2, article 5. For the



1 purposes of this subdivision, "mined groundwater" and "municipal provider"  
 2 have the same meanings prescribed in section 45-561.

3 (b) If the storer is a municipal provider that has been designated  
 4 as having an assured water supply pursuant to section 45-576, the amount  
 5 of central Arizona project water that exceeds the amount of deficit  
 6 groundwater withdrawn during the calendar year by the storer in the active  
 7 management area in which the storer's service area is located. If the  
 8 storer withdrew deficit groundwater during a calendar year in which the  
 9 storer stored central Arizona project water underground pursuant to the  
 10 storage permit, the amount of the central Arizona project water stored  
 11 underground during that year equal to the amount of deficit groundwater  
 12 withdrawn from the active management area in which the storer's service  
 13 area is located shall not be credited to the storer's long-term storage  
 14 account but may be considered as being available for recovery by the  
 15 storer on an annual basis pursuant to section 45-851.01. In calculating  
 16 the amount of deficit groundwater withdrawn by the storer from the active  
 17 management area, the director, at the request of the storer, shall exclude  
 18 any groundwater withdrawn, treated and delivered for direct use as part of  
 19 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,  
 20 article 5. For the purposes of this subdivision, "municipal provider" has  
 21 the same meaning prescribed in section 45-561 and "deficit groundwater"  
 22 means that amount of groundwater withdrawn within an active management  
 23 area for delivery and use within a service area by a municipal provider in  
 24 excess of the amount of groundwater that may be withdrawn by the municipal  
 25 provider consistent with the achievement of the active management area's  
 26 management goals as prescribed by rules adopted by the director pursuant  
 27 to section 45-576.

28 (c) Except as provided in subdivision (d), if the storer is not a  
 29 municipal provider, the amount of central Arizona project water stored in  
 30 an active management area that exceeds the amount of groundwater withdrawn  
 31 during the calendar year by the storer in that active management area. If  
 32 the storer withdrew groundwater in an active management area during a  
 33 calendar year in which the storer stored central Arizona project water  
 34 underground in that active management area pursuant to the storage permit,  
 35 the amount of central Arizona project water stored underground during that  
 36 year equal to the amount of groundwater withdrawn from the active  
 37 management area shall not be credited to the storer's long-term storage  
 38 account but may be considered as being available for recovery by the  
 39 storer on an annual basis under section 45-851.01. For the purposes of  
 40 this subdivision, "municipal provider" has the same meaning prescribed in  
 41 section 45-561. In calculating the amount of groundwater withdrawn by the  
 42 storer from the active management area, the director, at the request of  
 43 the storer, shall exclude:

1 (i) The amount of any groundwater withdrawn, treated and delivered  
2 for direct use as part of a remedial action undertaken pursuant to CERCLA  
3 or title 49, chapter 2, article 5.

4 (ii) The amount of groundwater withdrawn by the storer during the  
5 year for mineral extraction or metallurgical processing if the storer was  
6 engaged in mineral extraction and metallurgical processing within an  
7 initial active management area on or before January 1, 2011.

8 (d) The amount of central Arizona project water stored in an active  
9 management area in any year after 1994 by an agricultural improvement  
10 district established pursuant to title 48, chapter 17 for use at those  
11 portions of electrical generating facilities that are constructed or  
12 expanded after June 12, 1980, subject to both of the following:

13 (i) If groundwater was used during a year in an active management  
14 area at those portions of the electrical generating facilities that were  
15 owned and operated by the agricultural improvement district and that were  
16 constructed or expanded after June 12, 1980, the amount of the central  
17 Arizona project water stored during that year equal to the amount of the  
18 groundwater withdrawn during the year for use at those portions of the  
19 facilities that were owned and operated by the agricultural improvement  
20 district and that were constructed or expanded after June 12, 1980 shall  
21 not be credited to the agricultural improvement district's long-term  
22 storage account but may be considered as being available for recovery by  
23 the agricultural improvement district on an annual basis under section  
24 45-851.01.

25 (ii) Long-term storage credits accrued as a result of the storage  
26 of the central Arizona project water may be recovered within the active  
27 management area by the agricultural improvement district only for the  
28 purpose of providing central Arizona project water to electrical  
29 generating facilities that were owned and operated by the agricultural  
30 improvement district and only pursuant to any water requirement included  
31 in a facility's certificate of environmental compatibility. Subject to  
32 section 45-854.01, the long-term storage credits may be assigned by the  
33 agricultural improvement district only to the owner of an electrical  
34 generating facility for use pursuant to any water requirement included in  
35 that facility's certificate of environmental compatibility.

36 (e) Surface water made available by dams constructed or modified  
37 after August 13, 1986.

38 (f) EFFLUENT.

39 ~~(f)~~ (g) Until the year 2025:

40 ~~(i) Effluent.~~

41 ~~(ii)~~ (i) If the storage facility is in an active management area,  
42 water from outside the active management area that would not have reached  
43 the active management area without the efforts of the storer.

44 ~~(iii)~~ (ii) If the storage facility is outside of an active  
45 management area, water from outside the groundwater basin in which the

1 storage facility is located that would not have reached the groundwater  
2 basin without the efforts of the storer.

3 ~~(g)~~ (h) Water that is delivered through the central Arizona  
4 project and that is acquired by the Arizona water banking authority.

5 ~~23.~~ 24. "Water storage" means adding water to an aquifer or saving  
6 water in an aquifer pursuant to permits issued under this chapter.

7 ~~24.~~ 25. "Water storage permit" means a permit issued pursuant to  
8 section 45-831.01 to store water at a storage facility.

9 Sec. 11. Section 45-851.01, Arizona Revised Statutes, is amended to  
10 read:

11 45-851.01. Recovery of stored water on an annual basis

12 A. Except as provided in subsections B, ~~and~~ E AND F of this  
13 section, a storer may recover the recoverable amount of water stored after  
14 January 1 of a calendar year on or before December 31 of the same calendar  
15 year.

16 B. If water is stored pursuant to a water storage permit and its  
17 use is based on a decreed or appropriative water right, the approximate  
18 recoverable amount of water stored in a month shall be recovered on or  
19 before the last day of the following month or within the same calendar  
20 year, whichever is earlier, unless the water is credited to a long-term  
21 storage account as prescribed by section 45-852.01.

22 C. Water stored after January 1 of a calendar year and not  
23 recovered on or before December 31 of the same calendar year may be  
24 credited to the storer's long-term storage account to the extent that the  
25 stored water is eligible for long-term storage credits as prescribed by  
26 section 45-852.01.

27 D. Water that is stored after January 1 of a calendar year, that is  
28 not recovered on or before December 31 of the same calendar year and that  
29 is not eligible to be credited to the storer's long-term storage account  
30 may not be recovered at any other time.

31 E. If the water stored was effluent stored at a managed underground  
32 storage facility that DOES NOT QUALIFY AS AN EXISTING EFFLUENT MANAGED  
33 UNDERGROUND STORAGE FACILITY AND THAT has not been designated as a  
34 facility that could add value to a national park, national monument or  
35 state park, the storer may recover during a year only fifty ~~per cent~~  
36 PERCENT of the recoverable amount of water stored between January 1 and  
37 December 31 of that year. If the storer recovers during the year less  
38 than fifty ~~per cent~~ PERCENT of the recoverable amount of the water stored  
39 during that year, the difference between fifty ~~per cent~~ PERCENT of the  
40 recoverable amount and the amount of stored water recovered during the  
41 year may be credited to the storer's long-term storage account to the  
42 extent that the stored water is eligible for long-term storage credits as  
43 prescribed by section 45-852.01.

44 F. IF THE WATER STORED WAS EFFLUENT STORED AT A MANAGED UNDERGROUND  
45 STORAGE FACILITY THAT QUALIFIES AS AN EXISTING EFFLUENT MANAGED

1 UNDERGROUND STORAGE FACILITY AND THAT HAS NOT BEEN DESIGNATED AS A  
2 FACILITY THAT COULD ADD VALUE TO A NATIONAL PARK, NATIONAL MONUMENT OR  
3 STATE PARK, THE STORER MAY RECOVER DURING A YEAR ONLY NINETY-FIVE PERCENT  
4 OF THE RECOVERABLE AMOUNT OF THE WATER STORED BETWEEN JANUARY 1 AND  
5 DECEMBER 31 OF THAT YEAR. IF THE STORER RECOVERS DURING THE YEAR LESS  
6 THAN NINETY-FIVE PERCENT OF THE RECOVERABLE AMOUNT OF THE WATER STORED  
7 DURING THAT YEAR, THE DIFFERENCE BETWEEN NINETY-FIVE PERCENT OF THE  
8 RECOVERABLE AMOUNT AND THE AMOUNT OF STORED WATER RECOVERED DURING THE  
9 YEAR MAY BE CREDITED TO THE STORER'S LONG-TERM STORAGE ACCOUNT TO THE  
10 EXTENT THAT THE STORED WATER IS ELIGIBLE FOR LONG-TERM STORAGE CREDITS AS  
11 PRESCRIBED BY SECTION 45-852.01.

12 Sec. 12. Section 45-852.01, Arizona Revised Statutes, is amended to  
13 read:

14 45-852.01. Long-term storage accounts

15 A. The director shall establish one long-term storage account for  
16 each person holding long-term storage credits. The director shall  
17 establish subaccounts within the long-term storage account according to  
18 each active management area, irrigation non-expansion area, groundwater  
19 basin or groundwater subbasin in which the person's stored water is  
20 located. The long-term storage account shall be further subdivided by  
21 type of water, if the person holds long-term storage credits for more than  
22 one type of water.

23 B. Water stored pursuant to a water storage permit at a storage  
24 facility may be credited to a long-term storage account if the director  
25 determines that all of the following apply:

26 1. EITHER:

27 (a) The water that was stored was water that cannot reasonably be  
28 used directly.

29 (b) THE WATER WAS STORED IN A GROUNDWATER SAVINGS FACILITY AND THE  
30 DIRECTOR DETERMINES THAT THE STORAGE PROVIDES A WATER MANAGEMENT BENEFIT  
31 TO THE ACTIVE MANAGEMENT AREA WHERE THE WATER WAS STORED.

32 2. If the stored water was stored at a storage facility within an  
33 active management area, either:

34 (a) The water would not have been naturally recharged within the  
35 active management area.

36 (b) If the water was stored at a managed underground storage  
37 facility that has been designated as a facility that could add value to a  
38 national park, national monument or state park and the water stored is  
39 effluent, the water stored is water that could have been used or disposed  
40 of by the storer by means other than discharging the effluent into the  
41 stream.

42 3. The stored water was not recovered on an annual basis pursuant  
43 to section 45-851.01.

44 C. The director shall credit ninety-five ~~per cent~~ PERCENT of the  
45 recoverable amount of stored water that meets the requirements of

1 subsection B of this section to the storer's long-term storage account,  
2 except that:

3 1. If the water was stored at a managed underground storage  
4 facility that ~~DOES NOT QUALIFY AS AN EXISTING EFFLUENT MANAGED UNDERGROUND~~  
5 ~~STORAGE FACILITY AND THAT~~ had not been designated at the time of storage  
6 as a facility that could add value to a national park, national monument  
7 or state park and the water stored is effluent, the director shall credit  
8 to the storer's long-term storage account fifty ~~per cent~~ PERCENT of the  
9 recoverable amount of water that meets the requirements of subsection B of  
10 this section. For storage of effluent in a managed underground storage  
11 facility that is located in a recreational corridor channelization  
12 district established pursuant to title 48, chapter 35, the director may  
13 increase the storage credits earned from fifty ~~per cent~~ PERCENT to  
14 ninety-five ~~per cent~~ PERCENT if both of the following apply:

15 (a) The effluent was not discharged into the stream where the  
16 facility is located before the permit application for that facility was  
17 filed.

18 (b) The director determines that the storage of effluent in the  
19 facility will provide a greater benefit to aquifer conditions in the  
20 active management area or, if outside an active management area, to the  
21 groundwater basin than would accrue to the active management area or  
22 groundwater basin if the effluent is used or disposed of in another  
23 manner.

24 2. If the water was stored at a groundwater savings facility and  
25 the storer has not met the burden of proving that one hundred ~~per cent~~  
26 PERCENT of the in lieu water was used on a gallon-for-gallon substitute  
27 basis for groundwater, the director shall credit to the storer's long-term  
28 storage account only the percentage of the in lieu water that meets the  
29 requirements of subsection B of this section and that was proven to the  
30 director's satisfaction as being used on a gallon-for-gallon substitute  
31 basis for groundwater.

32 3. The director shall credit to the storer's long-term storage  
33 account ninety ~~per cent~~ PERCENT of the recoverable amount of the water  
34 that meets the requirements of subsection B of this section if all of the  
35 following apply:

36 (a) The stored water was central Arizona project water that  
37 qualifies as water that cannot reasonably be used directly due solely to  
38 the exclusion of groundwater withdrawn by the storer for mineral  
39 extraction or metallurgical processing under section 45-802.01, paragraph  
40 ~~22~~ 23, subdivision (c).

41 (b) The storer was engaged in mineral extraction and metallurgical  
42 processing within an initial active management area on or before January  
43 1, 2011.

44 (c) All exterior boundaries of the storage facility that is used to  
45 store the stored water are more than twenty miles from a well owned by the

1 storer on January 1, 2012 and that well is not an exempt well and any one  
2 or more of the following apply:

3 (i) The well is an existing well as defined in section 45-591,  
4 paragraph 1.

5 (ii) The department has issued a permit for the well under section  
6 45-599, subsection C.

7 (iii) The well was drilled pursuant to a mineral extraction and  
8 metallurgical processing permit issued by the department under section  
9 45-514.

10 4. Except as otherwise provided in ~~paragraphs 1, PARAGRAPH 2 and 3~~  
11 of this subsection, the director shall credit to the storer's long-term  
12 storage account or conservation district account one hundred ~~per cent~~  
13 PERCENT of the recoverable amount of water that meets the requirements of  
14 subsection B of this section if any of the following applies:

15 (a) The water stored was effluent ~~THAT WAS STORED AT A CONSTRUCTED~~  
16 ~~UNDERGROUND STORAGE FACILITY, A GROUNDWATER SAVINGS FACILITY OR A MANAGED~~  
17 ~~UNDERGROUND STORAGE FACILITY THAT WAS DESIGNATED AT THE TIME OF STORAGE AS~~  
18 ~~A FACILITY THAT COULD ADD VALUE TO A NATIONAL PARK, NATIONAL MONUMENT OR~~  
19 ~~STATE PARK.~~

20 (b) The water was stored in an active management area and the  
21 stored water is water from outside the active management area that would  
22 not have reached the active management area without the efforts of the  
23 holder of the long-term storage credits.

24 (c) The water was stored outside an active management area and the  
25 stored water is water from outside the groundwater basin in which the  
26 water was stored that would not have reached the groundwater basin without  
27 the efforts of the holder of the long-term storage credits.

28 (d) The water was stored for purposes of establishing and  
29 maintaining a replenishment reserve pursuant to section 48-3772,  
30 subsection E.

31 (e) The water was stored for replenishment purposes pursuant to  
32 section 48-3771 and credited directly to a conservation district account  
33 pursuant to section 45-859.01, subsection E.

34 D. The director shall credit a person's long-term storage account  
35 by the amount of long-term storage credits assigned to that person by  
36 another holder of long-term storage credits pursuant to section 45-854.01.

37 E. The director shall debit the appropriate subaccount of a  
38 person's long-term storage account:

39 1. One hundred ~~per cent~~ PERCENT of the amount of stored water that  
40 the holder of the long-term storage credits has recovered during the  
41 calendar year pursuant to the permit.

42 2. The amount of long-term storage credits that the person has  
43 assigned to another person or transferred to a master replenishment  
44 account, conservation district account or water district account.

1           3. If the water was stored in an active management area, the amount  
2 of water during the calendar year that migrates to a location outside the  
3 active management area or to a location within the active management area  
4 where it cannot be beneficially used within a reasonable period of time by  
5 persons other than the storer with rights to withdraw and use groundwater.

6           4. If the water was stored outside of an active management area,  
7 the amount of water during the calendar year that migrates to a location  
8 outside the groundwater basin in which the storage facility is located or  
9 to a location in the groundwater basin where it cannot be beneficially  
10 used within a reasonable period of time by persons other than the storer  
11 with rights to withdraw and use groundwater.

12           5. The amount of long-term storage credits that the storer,  
13 pursuant to section 45-853.01, subsection B, has applied to offset  
14 groundwater withdrawn or used in excess of the storer's per capita  
15 municipal conservation requirements under the second management plan.

16           6. The amount of long-term storage credits that are held by the  
17 Arizona water banking authority and that the authority has chosen to  
18 extinguish.

19           F. To the extent the total amount of water withdrawn by a person  
20 from wells designated as recovery wells pursuant to section 45-834.01  
21 during a calendar year exceeds the amount of stored water recovered by the  
22 person on an annual basis pursuant to section 45-851.01 and the amount of  
23 long-term storage credits recovered by the person, the excess amount of  
24 water recovered shall be considered groundwater withdrawn pursuant to  
25 chapter 2 of this title.

26           Sec. 13. Section 45-853.01, Arizona Revised Statutes, is amended to  
27 read:

28           45-853.01. Restricted uses of long-term storage credits

29           A. If the director has included an amount of long-term storage  
30 credits under section 45-855.01:

31           1. In determining whether to issue a certificate of assured water  
32 supply to the holder of the long-term storage credits, that amount of  
33 long-term storage credits shall be recovered only for a use that, as  
34 determined by the director, supplies water to the subdivision to which the  
35 certificate of assured water supply applies.

36           2. In designating or redesignating a city, town or private water  
37 company as having an assured water supply, that amount of long-term  
38 storage credits shall be recovered only for a use that, as determined by  
39 the director, supplies water to that city, town or private water company.

40           3. In determining whether to issue a report of adequate water  
41 supply for a subdivision to the holder of long-term storage credits, that  
42 amount of long-term storage credits shall be recovered only for a use  
43 that, as determined by the director, supplies water to the subdivision to  
44 which the report of adequate water supply applies.

1           4. In designating a city, town or private water company as having  
2 an adequate water supply, that amount of long-term storage credits shall  
3 be recovered only for a use that, as determined by the director, supplies  
4 water to that city, town or private water company.

5           B. The storer of long-term storage credits may apply those  
6 long-term storage credits to offset any amount of groundwater that the  
7 storer withdraws or uses before 2000 in excess of the storer's per capita  
8 municipal conservation requirement in violation of the second management  
9 plan if the storer proves to the satisfaction of the director that the  
10 following conditions are met:

11           1. The storer stored the water at a storage facility that is  
12 located in the same active management area as the storer's service area.

13           2. The long-term storage credits used to offset the storer's per  
14 capita municipal conservation requirements violation were earned before  
15 2000.

16           3. The water stored was effluent or central Arizona project water.

17           C. Long-term storage credits ~~may not be used to demonstrate an~~  
18 ~~assured water supply or an adequate water supply if the long-term storage~~  
19 ~~credits were~~ accrued by storing effluent at a managed underground storage  
20 facility that has not been designated as a facility that could add value  
21 to a national park, national monument or state park **MAY BE USED TO**  
22 **DEMONSTRATE AN ASSURED WATER SUPPLY OR AN ADEQUATE WATER SUPPLY ONLY IF**  
23 **BOTH OF THE FOLLOWING APPLY:**

24           1. **THE MANAGED UNDERGROUND STORAGE FACILITY QUALIFIES AS AN**  
25 **EXISTING EFFLUENT MANAGED UNDERGROUND STORAGE FACILITY.**

26           2. **THE LONG-TERM STORAGE CREDITS WERE ACCRUED AFTER THE EFFECTIVE**  
27 **DATE OF THIS AMENDMENT TO THIS SECTION.**

28           Sec. 14. Section 45-855.01, Arizona Revised Statutes, is amended to  
29 read:

30           **45-855.01. Effect of long-term storage credits on assured**  
31 **water supply and adequate water supply**

32           A. In an active management area, ~~except as provided in section~~  
33 ~~45-853.01, subsection C,~~ and on the request of a person who holds  
34 long-term storage credits, the director shall include the amount of  
35 long-term storage credits requested by the person in determining whether  
36 to issue a certificate of assured water supply to the person pursuant to  
37 section 45-576, or if the person is a city, town or private water company,  
38 whether to designate or redesignate the city, town or private water  
39 company as having an assured water supply. This subsection ~~shall~~ **DOES** not  
40 ~~be construed to~~ prohibit or require the director to include projected  
41 additions to a long-term storage account in determining whether to issue a  
42 certificate of assured water supply to the person, or if the person is a  
43 city, town or private water company, whether to designate or redesignate  
44 the city, town or private water company as having an assured water supply.



1           B. Outside an active management area, ~~except as provided in section~~  
2 ~~45-853.01, subsection C~~ and on the request of a person who holds long-term  
3 storage credits, the director shall include the amount of long-term  
4 storage credits requested by the person in determining whether to issue a  
5 report of adequate water supply pursuant to section 45-108 for a  
6 subdivision to the person, or if the person is a city, town or private  
7 water company, whether to designate the city, town or private water  
8 company as having an adequate water supply. This subsection ~~shall~~ DOES  
9 not ~~be construed to~~ prohibit or require the director to include projected  
10 additions to a long-term storage account in determining whether to issue a  
11 report of adequate water supply for a subdivision to the person, or if the  
12 person who holds the long-term storage account is a city, town or private  
13 water company, whether to designate the city, town or private water  
14 company as having an adequate water supply.

15           C. Long-term storage credits included by the director in making the  
16 determinations and designations in subsections A and B of this section are  
17 not assignable by the person holding the credits, unless the director has  
18 determined that the credits will continue to be used for the subdivision  
19 for which the certificate of assured water supply or certificate of  
20 adequate water supply has been issued or for the service area that has  
21 been designated as having an assured water supply or an adequate water  
22 supply.

23           Sec. 15. Section 45-2425, Arizona Revised Statutes, is amended to  
24 read:

25           45-2425. Arizona water banking fund

26           A. The Arizona water banking fund is established and shall include  
27 subaccounts based on funding sources. The authority shall administer the  
28 banking fund in accordance with this chapter.

29           B. The banking fund consists of all of the following:

30           1. Monies appropriated from the state general fund by the  
31 legislature for water banking purposes other than replenishment under  
32 chapter 15, article 3 of this title.

33           2. Monies appropriated from the state general fund by the  
34 legislature for replenishment under chapter 15, article 3 of this title.

35           3. Reimbursement for the distribution of long-term storage credits,  
36 collected by the authority in accordance with section 45-2457, subsection  
37 B, paragraph 2.

38           4. Monies paid to the authority by the recipients of in lieu water  
39 at a groundwater savings facility, in accordance with section 45-2455,  
40 subsection C.

41           5. Monies collected in accordance with section 45-611, subsection  
42 C, paragraph 3.

43           6. Monies deposited in the banking fund in accordance with section  
44 48-3715.03, subsection B.

1           7. Monies paid to the authority by agencies that have entered into  
2 interstate water banking agreements with the authority in accordance with  
3 section 45-2471. All monies received through an interstate water banking  
4 agreement with the state of Nevada that are not used to purchase or store  
5 water or otherwise fulfill contractual obligations with the state of  
6 Nevada are subject to legislative appropriation.

7           8. Monies paid to the authority by persons and Indian communities  
8 in this state that have entered into water banking services agreements  
9 with the authority in accordance with section 45-2458.

10           9. MONIES DEPOSITED IN THE FUND IN ACCORDANCE WITH SECTION  
11 45-615.01, SUBSECTION G.

12           C. In addition to the monies prescribed in this section, the  
13 authority may accept any gifts, grants or donations and deposit those  
14 monies in the banking fund.

15           D. Monies in the banking fund are exempt from the provisions of  
16 section 35-190 relating to lapsing of appropriations. On notice from the  
17 authority, the state treasurer shall invest and divest monies in the fund  
18 as provided by section 35-313, and monies earned from investment shall be  
19 credited to the banking fund. The authority may invest the monies paid to  
20 the authority in accordance with section 45-2471 with the state treasurer  
21 pursuant to section 35-326.

22           E. The authority may use the banking fund to pay all reasonable  
23 expenses incurred in carrying out its duties and responsibilities in  
24 accordance with this chapter.

25           F. The authority shall establish a reserve subaccount in the fund  
26 for the deposit of monies to be used for the purposes of article 5 of this  
27 chapter.

28           Sec. 16. Arizona water banking authority; long-term storage  
29 credits; exchanges; limitations; fees; delayed  
30 repeal

31           A. On or before December 31, 2019, the Arizona water banking  
32 authority may enter into agreements to exchange long-term storage credits  
33 accrued or purchased in one active management area with monies collected  
34 pursuant to section 45-611, subsection C, paragraph 3, Arizona Revised  
35 Statutes, for long-term storage credits held by other persons in another  
36 active management area, on request of the director, if the director  
37 determines both of the following:

- 38           1. The exchange is beneficial to water management in this state.
- 39           2. The exchange will not substantially impair the authority's  
40 ability to meet its firming obligation under section 45-2491, Arizona  
41 Revised Statutes.

42           B. The term of any agreement entered into pursuant to subsection A  
43 of this section shall not extend beyond December 31, 2026.

44           C. Notwithstanding section 45-2457, subsection B, paragraph 6,  
45 Arizona Revised Statutes, the authority may distribute or extinguish

1 long-term storage credits obtained by exchange pursuant to subsection A of  
2 this section for any purpose otherwise authorized under section 45-2457,  
3 subsection B, paragraph 6, Arizona Revised Statutes, for the benefit of  
4 any active management area.

5 D. An exchange of long-term storage credits pursuant to subsection  
6 A of this section is exempt from any fee established by the department of  
7 water resources for an assignment of long-term storage credits pursuant to  
8 section 45-854.01, Arizona Revised Statutes.

9 E. This section is repealed from and after December 31, 2030.

10 Sec. 17. Legislative intent: possible Colorado River  
11 shortage; temporary groundwater and irrigation  
12 efficiency fund; projects

13 A. The legislature finds that the people of Arizona are dependent  
14 on Colorado River water to meet a significant portion of their water  
15 needs. In times of shortages in this state's annual Colorado River  
16 entitlement, deliveries through the central Arizona project are the first  
17 to be reduced. In particular, irrigation districts in central Arizona  
18 have relied on central Arizona project deliveries of Colorado River water  
19 to replace the withdrawal of groundwater for agricultural purposes. As the  
20 junior priority users within the central Arizona project system,  
21 deliveries for agricultural use are reduced first.

22 B. It is anticipated that the prolonged drought in the Colorado  
23 River basin will require the Secretary of the Interior to declare a  
24 shortage as soon as 2020. The legislature finds that reductions in  
25 deliveries of central Arizona project water to irrigated agriculture in  
26 central Arizona would cause substantial injury to the local economy and  
27 seriously harm the general economy and welfare of this state and its  
28 citizens.

29 C. It is therefore declared to be the public policy of this state  
30 that in the interest of protecting and stabilizing the general economy and  
31 welfare of this state and its citizens it is necessary to establish the  
32 temporary groundwater and irrigation efficiency projects fund to be  
33 partially funded by a state general fund appropriation and a temporary  
34 groundwater withdrawal fee to be collected in the Pinal active management  
35 area in place of a groundwater withdrawal fee authorized to be collected  
36 in the active management area for Arizona water banking purposes.  
37 Contributions to the fund will also be made by the irrigation districts  
38 within the Pinal active management area and the Harquahala irrigation non-  
39 expansion area. Monies in the fund are to be used to fund projects to  
40 construct and rehabilitate groundwater wells and related infrastructure  
41 for the withdrawal and efficient delivery of groundwater by irrigation  
42 districts in the Pinal active management area and the Harquahala  
43 irrigation non-expansion area. On completion of these construction and  
44 rehabilitation projects, the fund will terminate. The legislature does

1 not intend to grant authorities or imply authority to perform any tasks or  
2 accept any responsibilities not expressly set forth in this legislation.

3 Sec. 18. Appropriation; temporary groundwater and irrigation  
4 efficiency projects fund; exemption

5 A. The sum of \$5,000,000 is appropriated from the state general  
6 fund in fiscal year 2018-2019 to the temporary groundwater and irrigation  
7 efficiency projects fund established by section 45-615.01, Arizona Revised  
8 Statutes, as added by this act.

9 B. The appropriation made in subsection A of this section is exempt  
10 from the provisions of section 35-190, Arizona Revised Statutes, relating  
11 to lapsing of appropriations.

12 Sec. 19. Appropriation; Arizona system conservation fund;  
13 exemption

14 A. The sum of \$30,000,000 is appropriated from the state general  
15 fund in fiscal year 2019-2020 to the Arizona system conservation fund  
16 established by section 45-118, Arizona Revised Statutes, as added by this  
17 act.

18 B. The appropriation made in subsection A of this section is exempt  
19 from the provisions of section 35-190, Arizona Revised Statutes, relating  
20 to lapsing of appropriations.

21 Sec. 20. Severability

22 If a provision of this act or its application to any person or  
23 circumstance is held invalid, the invalidity does not affect other  
24 provisions or applications of the act that can be given effect without the  
25 invalid provision or application, and to this end the provisions of this  
26 act are severable.

27 Sec. 21. Emergency

28 This act is an emergency measure that is necessary to preserve the  
29 public peace, health or safety and is operative immediately as provided by  
30 law.