AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1510; AMENDING SECTION 49-210, ARIZONA REVISED STATUTES; AMENDING TITLE 49, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 49-211; APPROPRIATING MONIES; RELATING TO THE ENVIRONMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 41, chapter 10, article 1, Arizona Revised Statutes, is amended by adding section 41-1510, to read:

41-1510. Water infrastructure and commerce grant fund

A. The water infrastructure and commerce grant fund is established consisting of legislative appropriations, federal monies and private donations. The chief executive officer shall administer the fund. Monies in the fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations. Monies in the fund may be used to provide grants to eligible entities for contracting for the design and construction of water infrastructure at the eligible entity’s location. The authority may retain up to one percent of the monies in the fund annually to administer the fund.

B. The following entities are eligible to apply for and receive grant monies pursuant to this section:

1. A public service corporation that provides water service pursuant to a certificate of convenience and necessity issued by the corporation commission and that is acting on behalf of an employer prescribed in paragraph 2 of this subsection.

2. An employer with more than two hundred fifty employees that is located in a county with a population of more than four hundred thousand persons and less than one million persons.

C. The authority shall:

1. Prescribe a simplified form and procedure to apply for and approve grants.

2. Establish requirements and criteria by which grants will be awarded, which shall include at least the following:

(a) Grants to eligible applicants only for new water infrastructure projects that are located at the eligible applicant’s property in a county with a population of more than four hundred thousand persons and less than one million persons.

(b) Grants for projects that create new jobs.

(c) Grants for projects that begin after January 1, 2022.

(d) Grants that are allocated and distributed not later than December 31, 2024.

(e) Applicants may receive more favorable consideration for grant monies if the applicant includes collaboration and cooperation with other members and entities in the community.

(f) Applicants shall certify that they are eligible to receive grant monies, shall describe the project and services requested and why the project and services are needed and shall certify that all grant monies will be used in compliance with this section, the authority’s requirements, the application requirements and processes and otherwise applicable law.
D. BEFORE AWARDING A GRANT PURSUANT TO THIS SECTION, THE AUTHORITY SHALL PREPARE A WRITTEN STATEMENT THAT IS SIGNED BY THE CHIEF EXECUTIVE OFFICER, THAT ASSESSES THE DIRECT ECONOMIC IMPACT OF THE GRANT, INCLUDING THE NUMBER OF NEW JOBS THAT WILL BE CREATED, AND THAT CONTAINS A FINDING THAT THE AWARD OF GRANT MONIES IS IN THE BEST INTEREST OF THIS STATE.

E. ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE AUTHORITY SHALL SUBMIT AN ANNUAL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE. THE REPORT SHALL INCLUDE, AT A MINIMUM, THE AMOUNT OF ACTUAL EXPENDITURES FROM THE FUND BY PROJECT AND AN EXPENDITURE PLAN FOR ALL REMAINING MONIES BY PROJECT.

Sec. 2. Section 49-210, Arizona Revised Statutes, is amended to read:

49-210. Water quality fee fund; appropriation; exemption; monies held in trust

A. The water quality fee fund is established consisting of monies appropriated by the legislature and fees received pursuant to sections 49-104, 49-203, 49-211, 49-241, 49-241.02, 49-242, 49-255.01, 49-332, 49-352, 49-353 and 49-361. The director shall administer the fund.

B. Monies in the fund are subject to annual legislative appropriation to the department for water quality programs. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

C. On notice from the director, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

D. Monies in the water quality fee fund shall be used for the following purposes:

1. To issue aquifer protection permits pursuant to section 49-241.
2. The aquifer protection permit registration fee procedures pursuant to section 49-242.
3. Dry well registration fee procedures pursuant to section 49-332.
4. Technical review fee procedures pursuant to section 49-353.
5. Inspection fee procedures pursuant to section 49-104, subsection C.
6. To issue permits under the Arizona pollutant discharge elimination system program pursuant to section 49-255.01.
7. Operator certification pursuant to sections 49-352 and 49-361.
8. Paying the cost of implementing section 49-203, subsection A, paragraph 7 and section 49-221, subsection E.
9. Water quality monitoring pursuant to section 49-225 and reporting of aquifer pollution information pursuant to section 49-249.
10. To implement and administer the underground injection control permit program established pursuant to article 3.3 of this chapter.
11. To implement and administer the dredge and fill permit program established pursuant to article 3.2 of this chapter, including review and analysis for issuing jurisdictional determinations.

E. Any fee, assessment or other levy that is authorized by law or administrative rule and that is collected and deposited in the water quality fee fund shall be held in trust. The monies in the fund may be used only for the purposes prescribed by statute and shall not be appropriated or transferred by the legislature to fund the general operations of this state or to otherwise meet the obligations of the general fund of this state. This subsection does not apply to any taxes or other levies that are imposed pursuant to title 42 or 43.

Sec. 3. Title 49, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 49-211, to read:

49-211. Direct potable reuse of treated wastewater; fees; rules

A. ON OR BEFORE DECEMBER 31, 2024, THE DIRECTOR SHALL ESTABLISH BY RULE PERMIT FEES SUFFICIENT TO ADMINISTER A DIRECT POTABLE REUSE OF TREATED WASTEWATER PROGRAM. MONIES COLLECTED PURSUANT TO THIS SECTION SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE WATER QUALITY FEE FUND ESTABLISHED BY SECTION 49-210.

B. ON OR BEFORE DECEMBER 31, 2024, THE DIRECTOR SHALL ADOPT ALL RULES NECESSARY TO ESTABLISH AND IMPLEMENT A DIRECT POTABLE REUSE OF TREATED WASTEWATER PROGRAM, INCLUDING RULES ESTABLISHING PERMITTING STANDARDS AND A PERMIT APPLICATION PROCESS.

Sec. 4. Arizona water protection fund; use of monies

Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal year 2022-2023, the Arizona water protection fund commission may grant to the department of water resources up to $336,000 of the unobligated balance in the Arizona water protection fund established by section 45-2111, Arizona Revised Statutes, to pay for administrative costs of the department in fiscal year 2022-2023.

Sec. 5. Underground storage tank revolving fund; use of monies

Notwithstanding any other law, in fiscal year 2022-2023, the department of environmental quality may use up to $6,531,000 from the underground storage tank revolving fund established by section 49-1015, Arizona Revised Statutes, in fiscal year 2022-2023 for:

1. Administrative costs of the department.
2. Remediating sewage discharge issues in Naco, Arizona and other border areas of this state.

Sec. 6. Arizona water banking fund; use of monies

In addition to the purposes provided in section 45-2425, Arizona Revised Statutes, monies appropriated to the Arizona navigable stream adjudication commission from the Arizona water banking fund established by
section 45-2425, Arizona Revised Statutes, may be used in fiscal year 2022-2023 to pay legal fees.

Sec. 7. Appropriation limit; water quality assurance revolving fund

Notwithstanding section 49-282, Arizona Revised Statutes, the appropriation from the state general fund to the water quality assurance revolving fund established by section 49-282, Arizona Revised Statutes, for fiscal year 2022-2023 may not exceed $15,000,000.

Sec. 8. Department of environmental quality; vehicle emissions testing fees; exemption from rulemaking

A. Notwithstanding any other law, the director of environmental quality shall charge fees in fiscal year 2022-2023 that are not more than the fees that were charged in fiscal year 2021-2022 for tests conducted in Area A, as defined in section 49-541, Arizona Revised Statutes.

B. The department of environmental quality is exempt from the rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes, until July 1, 2023 for the purpose of establishing fees pursuant to this section.

Sec. 9. Agricultural fees; continuation; intent; rulemaking exemption

A. Notwithstanding any other law, the director of the Arizona department of agriculture, with the assistance of the department of agriculture advisory council, may continue, increase or lower existing fees from fiscal years 2020-2021 and 2021-2022 in fiscal year 2022-2023 for services provided in fiscal year 2022-2023.

B. The legislature intends that the additional revenue generated by the fees prescribed in subsection A of this section not exceed $218,000 to the state general fund, $113,000 to the pesticide trust fund established by section 3-350, Arizona Revised Statutes, and $26,000 to the dangerous plants, pests and diseases trust fund established by section 3-214.01, Arizona Revised Statutes, in fiscal year 2022-2023.

C. The Arizona department of agriculture is exempt from the rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes, until July 1, 2023 for the purpose of establishing fees pursuant to this section.

APPROVED BY THE GOVERNOR JUNE 28, 2022.