

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SENATE BILL 1822

AN ACT

AMENDING SECTION 37-110, ARIZONA REVISED STATUTES; AMENDING TITLE 37, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 37-1310; AMENDING TITLE 41, CHAPTER 3, ARTICLE 1.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-511.24; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3031.01; AMENDING TITLE 49, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 49-1273, ARIZONA REVISED STATUTES; AMENDING LAWS 2019, CHAPTER 263, SECTION 141; APPROPRIATING MONIES; RELATING TO ENVIRONMENT BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 37-110, Arizona Revised Statutes, is amended to
3 read:

4 37-110. Due diligence fund; exemption; reversion

5 A. The due diligence fund is established. The commissioner may use
6 monies in the fund to pay the department's costs of evaluating and
7 processing applications and otherwise preparing lands for sales, leases,
8 rights-of-way or other use permits.

9 B. The fund consists of legislative appropriations and
10 reimbursements to the department by winning bidders for the department's
11 costs of advance due diligence investigations and analyses pursuant to
12 subsection A of this section. Monies in the fund are subject to
13 legislative appropriation.

14 C. The commissioner shall administer the fund. Monies in the fund
15 are exempt from the provisions of section 35-190 relating to the lapsing
16 of appropriations, except that all monies in the fund exceeding ~~five~~
17 ~~hundred thousand dollars~~ \$5,000,000 at any time revert to the state
18 general fund.

19 Sec. 2. Title 37, chapter 9, article 1, Arizona Revised Statutes,
20 is amended by adding section 37-1310, to read:

21 37-1310. Emergency medical services on federal lands;
22 payment; requirements; definition

23 A. SUBJECT TO LEGISLATIVE APPROPRIATION, THE STATE FORESTER SHALL
24 PROCESS AND PAY CLAIMS TO A FIRE DISTRICT WITH A POPULATION OF LESS THAN
25 FIVE THOUSAND INHABITANTS FOR EXPENSES INCURRED IN RESPONDING TO EMERGENCY
26 MEDICAL SERVICES CALLS ON FEDERAL LANDS AS FOLLOWS:

27 1. THE FIRE DISTRICT SHALL SUBMIT AN ITEMIZED CLAIM FOR PAYMENT
28 WITHIN NINETY DAYS AFTER THE EMERGENCY MEDICAL SERVICES RESPONSE.

29 2. WITHIN THIRTY DAYS AFTER RECEIVING A COMPLETE AND CORRECT CLAIM
30 FOR PAYMENT, THE STATE FORESTER SHALL COMPLETE THE PROCESSING OF THE CLAIM
31 AND PAY THE FIRE DISTRICT.

32 B. FOR THE PURPOSES OF THIS SECTION, "EXPENSES":

33 1. INCLUDES PERSONNEL COSTS FOR PERSONNEL THAT DIRECTLY RESPOND TO
34 AN EMERGENCY MEDICAL SERVICES CALL, FUEL COSTS, COSTS FOR MEDICAL SUPPLIES
35 AND OTHER COSTS THE STATE FORESTER DETERMINES ARE RELATED TO THE RESPONSE.

36 2. DOES NOT INCLUDE EMERGENCY MEDICAL SERVICES REGULATED PURSUANT
37 TO TITLE 36, CHAPTER 21.1.

38 Sec. 3. Title 41, chapter 3, article 1.1, Arizona Revised Statutes,
39 is amended by adding section 41-511.24, to read:

40 41-511.24. Arizona state parks store fund

41 A. THE ARIZONA STATE PARKS STORE FUND IS ESTABLISHED CONSISTING OF
42 MONIES DEPOSITED PURSUANT TO A FEE SCHEDULE FOR GOODS AND SERVICES
43 DETERMINED BY THE ARIZONA STATE PARKS BOARD. THE BOARD SHALL ADMINISTER
44 THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND
45 SHALL BE USED BY THE BOARD TO OPERATE AND MAINTAIN GIFT SHOPS.

1 B. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION
2 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ALL MONIES IN THE FUND
3 EXCEEDING \$1,250,000 AT THE END OF A FISCAL YEAR ARE TRANSFERRED TO THE
4 STATE PARKS REVENUE FUND ESTABLISHED BY SECTION 41-511.21.

5 Sec. 4. Title 41, chapter 27, article 2, Arizona Revised Statutes,
6 is amended by adding section 41-3031.01, to read:

7 41-3031.01. Drought mitigation board; termination
8 July 1, 2031

9 A. THE DROUGHT MITIGATION BOARD TERMINATES ON JULY 1, 2031.

10 B. TITLE 49, CHAPTER 1, ARTICLE 8 AND THIS SECTION ARE REPEALED ON
11 JANUARY 1, 2032.

12 Sec. 5. Title 49, chapter 1, Arizona Revised Statutes, is amended
13 by adding article 8, to read:

14 ARTICLE 8. DROUGHT MITIGATION REVOLVING FUND PROJECTS

15 49-193. Definitions

16 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

17 1. "BOARD" MEANS THE DROUGHT MITIGATION BOARD OF DIRECTORS.

18 2. "ENTITY" MEANS AN INDIVIDUAL, CORPORATION, PARTNERSHIP, LIMITED
19 LIABILITY COMPANY, ASSOCIATION, TRUST, UNINCORPORATED ORGANIZATION OR
20 OTHER LEGAL ORGANIZATION OR A GOVERNMENT BODY.

21 3. "FUND" MEANS THE DROUGHT MITIGATION REVOLVING FUND ESTABLISHED
22 BY SECTION 49-193.01.

23 49-193.01. Drought mitigation revolving fund; exemption;
24 legislative intent

25 A. THE DROUGHT MITIGATION REVOLVING FUND IS ESTABLISHED TO BE
26 MAINTAINED IN PERPETUITY CONSISTING OF:

27 1. MONIES APPROPRIATED BY THE LEGISLATURE TO THE FUND.

28 2. MONIES RECEIVED FOR DROUGHT MITIGATION PURPOSES FROM THE UNITED
29 STATES GOVERNMENT.

30 3. MONIES RECEIVED AS LOAN REPAYMENTS, INTEREST AND PENALTIES.

31 4. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE
32 FUND.

33 5. GIFTS, GRANTS AND DONATIONS RECEIVED FOR DROUGHT MITIGATION
34 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

35 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT
36 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
37 APPROPRIATIONS.

38 C. THE LEGISLATURE FINDS THAT MANY REGIONS IN THIS STATE LACK
39 ACCESS TO SUSTAINABLE WATER SUPPLIES TO MEET THEIR LONG-TERM WATER DEMANDS
40 AND NEED FINANCIAL ASSISTANCE TO DEVELOP WATER SUPPLY AND CONSERVATION
41 PROJECTS. THE LEGISLATURE INTENDS THAT THE FUND ESTABLISHED BY THIS
42 SECTION BE USED TO PROVIDE FINANCIAL ASSISTANCE FOR THESE PROJECTS UNDER
43 THE TERMS SET FORTH IN THIS ARTICLE.

1 49-193.02. Drought mitigation board; board of directors;
2 fingerprinting; conduct of office; audit

3 A. THE DROUGHT MITIGATION BOARD IS ESTABLISHED TO EVALUATE AND
4 APPROVE FUNDING REQUESTS FOR MONIES FROM THE DROUGHT MITIGATION REVOLVING
5 FUND FOR PURPOSES PRESCRIBED IN SECTION 49-193.05 THAT SUBSTANTIALLY
6 IMPROVE SUSTAINABLE WATER SUPPLIES TO MEET THIS STATE'S LONG-TERM WATER
7 DEMAND.

8 B. THE DROUGHT MITIGATION BOARD CONSISTS OF THE FOLLOWING MEMBERS:

9 1. NOT MORE THAN TWO PERSONS FROM A COMBINATION OF MARICOPA, PIMA
10 OR PINAL COUNTY.

11 2. NOT MORE THAN ONE PERSON FROM LA PAZ, MOHAVE OR YUMA COUNTY.

12 3. NOT MORE THAN ONE PERSON FROM COCHISE, GRAHAM, GREENLEE OR SANTA
13 CRUZ COUNTY.

14 4. NOT MORE THAN ONE PERSON FROM GILA OR YAVAPAI COUNTY.

15 5. NOT MORE THAN ONE PERSON FROM APACHE, COCONINO OR NAVAJO COUNTY.

16 6. THE DIRECTOR OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE.

17 7. THE FOLLOWING AS ADVISORY MEMBERS WITHOUT THE POWER TO VOTE:

18 (a) THE PRESIDENT OF THE SENATE.

19 (b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

20 (c) THE STATE LAND COMMISSIONER.

21 C. MEMBERS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPHS 1
22 THROUGH 5 OF THIS SECTION MUST HAVE A STRONG BACKGROUND IN WATER ISSUES
23 WITHIN THIS STATE. APPOINTED MEMBERS SERVE FIVE-YEAR TERMS OF OFFICE
24 BEGINNING AND ENDING ON THE THIRD MONDAY IN JANUARY AND SHALL BE APPOINTED
25 AS FOLLOWS:

26 1. THE GOVERNOR SHALL APPOINT ONE OF THE MEMBERS FROM MARICOPA,
27 PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM APACHE, COCONINO OR NAVAJO
28 COUNTY.

29 2. THE PRESIDENT OF THE SENATE SHALL APPOINT ONE OF THE MEMBERS
30 FROM MARICOPA, PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM GILA OR
31 YAVAPAI COUNTY.

32 3. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE
33 ONE MEMBER FROM LA PAZ, MOHAVE OR YUMA COUNTY AND THE ONE MEMBER FROM
34 COCHISE, GRAHAM, GREENLEE OR SANTA CRUZ COUNTY.

35 D. BEFORE A MEMBER IS APPOINTED TO THE BOARD PURSUANT TO SUBSECTION
36 C OF THIS SECTION, THE PROSPECTIVE MEMBER SHALL SUBMIT A FULL SET OF
37 FINGERPRINTS TO THE APPOINTING ENTITY FOR THE PURPOSE OF OBTAINING A STATE
38 AND FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC
39 LAW 92-544. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS FINGERPRINT
40 DATA WITH THE FEDERAL BUREAU OF INVESTIGATION.

41 E. THE BOARD SHALL ELECT A CHAIRPERSON OF THE BOARD FROM AMONG THE
42 VOTING MEMBERS. THE CHAIRPERSON MAY APPOINT SUBCOMMITTEES AS NECESSARY.

43 F. THE BOARD MAY REQUEST ASSISTANCE FROM REPRESENTATIVES OF OTHER
44 STATE AGENCIES. THE DEPARTMENT OF WATER RESOURCES SHALL PROVIDE CLERICAL
45 AND ADMINISTRATIVE SUPPORT AND TECHNICAL ASSISTANCE TO THE BOARD.

1 G. BOARD MEMBERS SERVE WITHOUT COMPENSATION BUT ARE ELIGIBLE FOR
2 REIMBURSEMENT OF EXPENSES FROM THE FUND THROUGH THE DEPARTMENT OF WATER
3 RESOURCES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2.

4 H. A MAJORITY OF THE VOTING MEMBERS, WHICH MUST INCLUDE THE
5 CHAIRPERSON, CONSTITUTES A QUORUM FOR THE PURPOSE OF AN OFFICIAL MEETING
6 FOR CONDUCTING BUSINESS. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS
7 PRESENT AT AN OFFICIAL MEETING IS SUFFICIENT FOR THE BOARD TO TAKE ANY
8 ACTION.

9 I. THE BOARD SHALL KEEP AND MAINTAIN A COMPLETE AND ACCURATE RECORD
10 OF ALL BOARD PROCEEDINGS.

11 J. THE BOARD AND ANY SUBCOMMITTEES ARE SUBJECT TO TITLE 38, CHAPTER
12 3, ARTICLE 3.1, RELATING TO PUBLIC MEETINGS, EXCEPT AS FOLLOWS:

13 1. IN ADDITION TO SECTION 38-431.03, THE BOARD AND SUBCOMMITTEES
14 MAY MEET IN EXECUTIVE SESSION TO DISCUSS POTENTIAL WATER SUPPLY OR
15 CONSERVATION PROJECT OPPORTUNITIES AND STRATEGIES, THAT, IF MADE PUBLIC,
16 COULD POTENTIALLY HARM THE APPLICANT'S, THE POTENTIAL APPLICANT'S OR THIS
17 STATE'S COMPETITIVE POSITION.

18 2. ACTIVITIES AND EVENTS HELD IN PUBLIC FOR THE PURPOSE OF
19 ANNOUNCING WATER SUPPLY OR CONSERVATION PROJECTS ARE NOT PUBLIC MEETINGS.

20 K. THE BOARD, ITS SUBCOMMITTEES AND THE OFFICERS AND ANY EMPLOYEES
21 OF THE BOARD ARE SUBJECT TO TITLE 38, CHAPTER 3, ARTICLE 8, RELATING TO
22 CONFLICTS OF INTEREST.

23 L. THE BOARD SHALL ADOPT WRITTEN POLICIES, PROCEDURES AND
24 GUIDELINES FOR STANDARDS OF CONDUCT, INCLUDING A GIFT POLICY, FOR MEMBERS
25 OF THE BOARD AND FOR OFFICERS AND EMPLOYEES OF THE BOARD.

26 M. THE BOARD SHALL OPERATE ON THE STATE FISCAL YEAR. ON OR BEFORE
27 OCTOBER 31 OF EACH YEAR, THE BOARD SHALL CAUSE AN AUDIT TO BE CONDUCTED OF
28 THE FUND ESTABLISHED BY SECTION 49-193.01 BY AN INDEPENDENT CERTIFIED
29 PUBLIC ACCOUNTANT. THE BOARD SHALL IMMEDIATELY FILE A CERTIFIED COPY OF
30 THE AUDIT WITH THE AUDITOR GENERAL. THE AUDITOR GENERAL MAY MAKE FURTHER
31 AUDITS AND EXAMINATIONS AS NECESSARY AND MAY TAKE APPROPRIATE ACTION
32 RELATING TO THE AUDIT OR EXAMINATION PURSUANT TO TITLE 41, CHAPTER 7,
33 ARTICLE 10.1. IF THE AUDITOR GENERAL TAKES NO FURTHER ACTION WITHIN
34 THIRTY DAYS AFTER THE AUDIT IS FILED, THE AUDIT IS CONSIDERED TO BE
35 SUFFICIENT.

36 N. ALL STATE AGENCIES SHALL COOPERATE WITH THE BOARD AND MAKE
37 AVAILABLE DATA PERTAINING TO THE FUNCTIONS OF THE BOARD AS REQUESTED BY
38 THE BOARD.

39 49-193.03. Fund administration; expenses

40 A. THE BOARD SHALL ADMINISTER THE FUND.

41 B. ON NOTICE TO THE BOARD AND THE STATE TREASURER FROM THE DIRECTOR
42 OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE REGARDING EXPENSES INCURRED
43 PURSUANT TO SECTION 49-193.04, SUBSECTION A, PARAGRAPHS 1 AND 4, THE STATE
44 TREASURER SHALL PAY THE EXPENSES.

1 C. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND
2 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED
3 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

4 D. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE
5 PURPOSES AUTHORIZED BY THIS ARTICLE.

6 49-193.04. Drought mitigation revolving fund; purposes;
7 exemption; security

8 A. MONIES IN THE FUND MAY BE USED FOR THE FOLLOWING PURPOSES:

9 1. THE DEPARTMENT OF WATER RESOURCES MAY AWARD GRANTS TO FACILITATE
10 THE FORBEARANCE OF WATER DELIVERIES THAT WOULD AVOID REDUCTIONS IN THIS
11 STATE'S COLORADO RIVER SUPPLIES. GRANTS MAY NOT BE USED TO SUPPLANT OR
12 TAKE THE PLACE OF ANY EXISTING FORBEARANCE CONTRACT FOR WATER TO BE STORED
13 IN LAKE MEAD.

14 2. THE STATE LAND DEPARTMENT MAY APPLY FOR GRANTS TO SUPPORT THE
15 STATE LAND DEPARTMENT'S ABILITY TO MAKE THE BEST USE OF WATER RESOURCES
16 ASSOCIATED WITH STATE TRUST LAND, IN ALIGNMENT WITH THE STATE LAND
17 DEPARTMENT'S TRUST RESPONSIBILITIES, TO MAXIMIZE THE BENEFITS FOR THE
18 TRUST BENEFICIARIES AND THIS STATE'S FUTURE. BEFORE DEVELOPING ANY
19 INFRASTRUCTURE FOR THE BUTLER VALLEY GROUNDWATER BASIN UNDER A STATE LAND
20 DEPARTMENT GRANT, THE STATE LAND DEPARTMENT SHALL OBTAIN A HYDROLOGICAL
21 STUDY OF GROUNDWATER AVAILABILITY IN THE BUTLER VALLEY GROUNDWATER BASIN.

22 3. THE BOARD MAY MAKE LOW-COST, LONG-TERM LOANS FOR PLANNING,
23 DESIGNING, CONSTRUCTING OR FINANCING WATER SUPPLY DEVELOPMENT PROJECTS TO
24 IMPORT WATER SUPPLIES FROM OUTSIDE THIS STATE INTO THIS STATE, WITH
25 PRIORITY GIVEN TO THOSE LOAN APPLICATIONS THAT DEMONSTRATE THE LARGEST
26 STATEWIDE BENEFIT.

27 4. THE BOARD MAY PAY THE COSTS TO ADMINISTER THE FUND.

28 B. MONIES IN THE FUND MAY NOT BE USED TO PROVIDE FINANCIAL
29 ASSISTANCE TO TRANSFER WATER OR THE RIGHT TO WATER RELATED TO A MAINSTREAM
30 COLORADO RIVER ENTITLEMENT AWAY FROM AN AREA NEAR THE COLORADO RIVER.

31 C. GRANTS FROM THE FUND ARE EXEMPT FROM THE PROVISIONS OF TITLE 41,
32 CHAPTER 24 GOVERNING THE SOLICITATION AND AWARD OF GRANT APPLICATIONS.

33 D. LOANS PRESCRIBED UNDER SUBSECTION A, PARAGRAPH 3 OF THIS SECTION
34 MAY BE SECURED BY PROVIDING LINKED DEPOSIT GUARANTEES THROUGH THIRD-PARTY
35 LENDERS BY DEPOSITING MONIES WITH THE LENDER ON THE CONDITION THAT THE
36 LENDER MAKE A LOAN ON TERMS APPROVED BY THE BOARD, AT A RATE OF RETURN ON
37 THE DEPOSIT APPROVED BY THE BOARD AND THE STATE TREASURER, AND BY GIVING
38 THE LENDER RECOURSE AGAINST THE DEPOSIT OF LOAN REPAYMENTS THAT ARE NOT
39 MADE WHEN DUE.

40 49-193.05. Drought mitigation fund financial assistance;
41 procedures

42 A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, AN ENTITY MAY
43 APPLY TO THE BOARD FOR AND ACCEPT AND INCUR INDEBTEDNESS AS A RESULT OF A
44 LOAN OR ANY OTHER FINANCIAL ASSISTANCE PURSUANT TO SECTION 49-193.04 FROM
45 THE FUND FOR CONSERVATION AND WATER SUPPLY DEVELOPMENT PURPOSES. AN

1 ENTITY THAT APPLIES FOR AND ACCEPTS A LOAN OR OTHER FINANCIAL ASSISTANCE
2 UNDER THIS ARTICLE IS NOT PRECLUDED FROM APPLYING FOR AND ACCEPTING A LOAN
3 OR OTHER FINANCIAL ASSISTANCE UNDER ANY OTHER LAW.

4 B. THE BOARD SHALL:

5 1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND
6 APPROVE ASSISTANCE.

7 2. ESTABLISH CRITERIA BY WHICH ASSISTANCE WILL BE AWARDED,
8 INCLUDING REQUIREMENTS FOR LOCAL PARTICIPATION IN PROJECT COSTS, IF DEEMED
9 ADVISABLE. THE CRITERIA SHALL INCLUDE A DETERMINATION OF ALL OF THE
10 FOLLOWING:

11 (a) THE APPLICANT'S ABILITY TO REPAY A LOAN ACCORDING TO THE TERMS
12 AND CONDITIONS ESTABLISHED BY THIS SECTION. AT THE OPTION OF THE BOARD,
13 THE EXISTENCE OF A CURRENT INVESTMENT GRADE RATING ON THE APPLICANT'S
14 EXISTING DEBT THAT IS SECURED BY THE SAME REVENUES TO BE PLEDGED TO SECURE
15 REPAYMENT UNDER THE LOAN REPAYMENT AGREEMENT CONSTITUTES EVIDENCE
16 REGARDING THE APPLICANT'S ABILITY TO REPAY A LOAN.

17 (b) THE APPLICANT'S LEGAL CAPABILITY TO ENTER INTO A LOAN REPAYMENT
18 AGREEMENT.

19 (c) THE APPLICANT'S FINANCIAL ABILITY TO CONSTRUCT, OPERATE AND
20 MAINTAIN THE PROJECT IF IT RECEIVES THE FINANCIAL ASSISTANCE.

21 (d) THE APPLICANT'S ABILITY TO MANAGE THE PROJECT.

22 (e) THE APPLICANT'S ABILITY TO MEET ANY APPLICABLE ENVIRONMENTAL
23 REQUIREMENTS IMPOSED BY FEDERAL OR STATE AGENCIES.

24 (f) THE APPLICANT'S ABILITY TO ACQUIRE ANY NECESSARY REGULATORY
25 PERMITS.

26 3. DETERMINE THE ORDER AND PRIORITY OF PROJECTS ASSISTED UNDER THIS
27 SECTION BASED ON THE MERITS OF THE APPLICATION WITH RESPECT TO DROUGHT
28 MITIGATION ISSUES, INCLUDING THE FOLLOWING:

29 (a) THE EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS OF THE
30 WATER PROVIDER INVOLVED IN THE APPLICATION COMPARED TO THE EXISTING WATER
31 SUPPLIES OF THE WATER PROVIDER.

32 (b) THE EXISTING AND PLANNED CONSERVATION AND WATER MANAGEMENT
33 PROGRAMS OF THE WATER PROVIDER INVOLVED IN THE APPLICATION, INCLUDING
34 WATERSHED MANAGEMENT OR PROTECTION.

35 (c) THE BENEFITS OF THE PROJECT.

36 (d) THE SUSTAINABILITY OF THE WATER SUPPLY TO BE DEVELOPED THROUGH
37 THE PROJECT.

38 (e) THE APPLICANT'S NEED FOR FINANCIAL ASSISTANCE.

39 (f) THE COST-EFFECTIVENESS OF THE PROJECT.

40 C. THE BOARD SHALL REVIEW EACH APPLICATION RECEIVED ON ITS MERITS
41 AND SHALL INFORM THE APPLICANT OF THE BOARD'S DETERMINATION WITHIN NINETY
42 DAYS AFTER RECEIPT OF A COMPLETE AND CORRECT APPLICATION. IF THE
43 APPLICATION IS NOT APPROVED, THE BOARD SHALL NOTIFY THE APPLICANT AND
44 STATE THE REASONS FOR THE DENIAL. IF THE APPLICATION IS APPROVED, THE
45 BOARD MAY CONDITION THE APPROVAL ON ASSURANCES THE BOARD DEEMS NECESSARY

1 TO ENSURE THAT THE APPLICANT WILL USE THE FINANCIAL ASSISTANCE ACCORDING
2 TO LAW AND THE TERMS OF THE APPLICATION.

3 D. ON APPROVAL OF AN APPLICATION UNDER THIS SECTION, THE BOARD
4 SHALL USE MONIES IN THE FUND TO FINANCE THE PROJECT.

5 Sec. 6. Section 49-1273, Arizona Revised Statutes, is amended to
6 read:

7 49-1273. Water supply development revolving fund; purposes;
8 limitation

9 A. Monies in the water supply development revolving fund may be
10 used for the following purposes:

11 1. Making water supply development loans to water providers in this
12 state under section 49-1274 for water supply development purposes.

13 2. Making loans or grants to water providers for ~~the~~ planning or
14 ~~design of~~ DESIGNING water supply development projects. A single grant
15 shall not exceed ~~one hundred thousand dollars~~ \$100,000.

16 3. Purchasing or refinancing debt obligations of water providers at
17 or below market rate if the debt obligation was issued for a water supply
18 development purpose.

19 4. Providing financial assistance to water providers with bonding
20 authority to purchase insurance for local bond obligations incurred by
21 them for water supply development purposes.

22 5. Paying the costs to administer the fund.

23 6. Providing linked deposit guarantees through ~~third party~~
24 THIRD-PARTY lenders by depositing monies with the lender on the condition
25 that the lender make a loan on terms approved by the committee, at a rate
26 of return on the deposit approved by the committee and the state treasurer
27 and by giving the lender recourse against the deposit of loan repayments
28 that are not made when due.

29 7. CONDUCTING WATER SUPPLY STUDIES.

30 B. If the monies pledged to secure water supply development bonds
31 issued pursuant to section 49-1278 become insufficient to pay the
32 principal and interest on the water supply development bonds guaranteed by
33 the water supply development revolving fund, the authority shall direct
34 the state treasurer to liquidate securities in the fund as may be
35 necessary and shall apply those proceeds to make current all payments then
36 due on the bonds. The state treasurer shall immediately notify the
37 attorney general and auditor general of the insufficiency. The auditor
38 general shall audit the circumstances surrounding the depletion of the
39 fund and report the findings to the attorney general. The attorney
40 general shall conduct an investigation and report those findings to the
41 governor and the legislature.

42 C. Monies in the water supply development revolving fund shall not
43 be used to provide financial assistance to a water provider, other than an
44 Indian tribe, unless one of the following applies:

1 1. The board of supervisors of the county in which the water
2 provider is located has adopted the provision authorized by section
3 11-823, subsection A.

4 2. The water provider is located in a city or town and the
5 legislative body of the city or town has enacted the ordinance authorized
6 by section 9-463.01, subsection 0.

7 3. The water provider is located in an active management area
8 established pursuant to title 45, chapter 2, article 2.

9 4. The water provider is located outside of an active management
10 area and either of the following applies:

11 (a) The director of water resources has designated the water
12 provider as having an adequate water supply pursuant to section 45-108.

13 (b) The water provider will use the financial assistance for a
14 water supply development project and the director of water resources has
15 determined pursuant to section 45-108 that there is an adequate water
16 supply for all subdivided land that will be served by the project and for
17 which a public report was issued after ~~the effective date of this~~
18 ~~amendment to this section~~ JULY 24, 2014.

19 Sec. 7. Laws 2019, chapter 263, section 141 is amended to read:

20 Sec. 141. Arizona department of forestry and fire management;
21 appropriation; Mount Lemmon fire district; fiscal
22 year 2019-2020; exemption

23 A. In addition to any other appropriations made in fiscal year
24 2019-2020, the sum of \$750,000 is appropriated from the state general fund
25 in fiscal year 2019-2020 to the Arizona department of forestry and fire
26 management to distribute to the Mount Lemmon fire district to construct a
27 water line **AND TO PURCHASE EQUIPMENT**.

28 B. The appropriation made in subsection A of this section is exempt
29 from the provisions of section 35-190, Arizona Revised Statutes, relating
30 to the lapsing of appropriations, except that all monies of the
31 appropriation remaining unexpended and unencumbered on December 31, ~~2021~~
32 **2022** revert to the state general fund.

33 Sec. 8. Arizona water protection fund; use of monies

34 Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal
35 year 2021-2022, the Arizona water protection fund commission may grant to
36 the department of water resources up to \$336,000 of the unobligated
37 balance in the Arizona water protection fund established by section
38 45-2111, Arizona Revised Statutes, to pay for administrative costs of the
39 department in fiscal year 2021-2022.

40 Sec. 9. Underground storage tank revolving fund; use of
41 monies

42 Notwithstanding any other law, in fiscal year 2021-2022, the
43 department of environmental quality may use up to \$6,531,000 from the
44 underground storage tank revolving fund established by section 49-1015,
45 Arizona Revised Statutes, in fiscal year 2021-2022 for:

1 1. Administrative costs of the department.

2 2. Remediating sewage discharge issues in Naco, Arizona and other
3 border areas of Arizona.

4 Sec. 10. Arizona water banking fund; use of monies

5 In addition to the purposes provided in section 45-2425, Arizona
6 Revised Statutes, monies appropriated to the Arizona navigable stream
7 adjudication commission from the Arizona water banking fund established by
8 section 45-2425, Arizona Revised Statutes, may be used in fiscal year
9 2021-2022 to pay legal fees.

10 Sec. 11. Appropriation limit; water quality assurance
11 revolving fund

12 Notwithstanding section 49-282, Arizona Revised Statutes, the
13 appropriation from the state general fund to the water quality assurance
14 revolving fund established by section 49-282, Arizona Revised Statutes,
15 for fiscal year 2021-2022 may not exceed \$15,000,000.

16 Sec. 12. Department of environmental quality; vehicle
17 emissions testing fees; exemption from rulemaking

18 A. Notwithstanding any other law, the director of environmental
19 quality shall charge fees in fiscal year 2021-2022 that are not more than
20 the fees that were charged in fiscal year 2020-2021 for tests conducted in
21 Area A, as defined in section 49-541, Arizona Revised Statutes.

22 B. The department of environmental quality is exempt from the
23 rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes,
24 until July 1, 2022 for the purpose of establishing fees pursuant to this
25 section.

26 Sec. 13. Purpose

27 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
28 the legislature establishes the drought mitigation board to provide
29 financial assistance for water supply and conservation development
30 purposes.

31 Sec. 14. Retroactivity

32 Title 49, chapter 1, article 8, Arizona Revised Statutes, as added
33 by this act, applies retroactively to from and after June 30, 2021.