

House Engrossed

~~water supply development fund; appropriation~~  
(now: water supply development fund)

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
First Regular Session  
2021

# HOUSE BILL 2388

AN ACT

AMENDING SECTIONS 49-1201 AND 49-1273, ARIZONA REVISED STATUTES; RELATING  
TO THE WATER SUPPLY DEVELOPMENT REVOLVING FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 49-1201, Arizona Revised Statutes, is amended to  
3 read:  
4 49-1201. Definitions  
5 In this chapter, unless the context otherwise requires:  
6 1. "Authority" means the water infrastructure finance authority of  
7 Arizona.  
8 2. "Board" means the board of directors of the Arizona finance  
9 authority established by title 41, chapter 53, article 2.  
10 3. "Bonds of a political subdivision" means bonds issued by a  
11 political subdivision as authorized by law.  
12 4. "Clean water act" means the federal water pollution control act  
13 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water  
14 quality act of 1987 (P.L. 100-4; 101 Stat. 7).  
15 5. "Drinking water facility" means a community water system or a  
16 nonprofit noncommunity water system as defined in the safe drinking water  
17 act of 1974 (P.L. 93-523; 88 Stat. ~~1661~~ 1660; P.L. 95-190; 91 Stat. 1393;  
18 P.L. 104-182; 110 Stat. 1613) that is located in this state. For purposes  
19 of this chapter, drinking water facility does not include water systems  
20 owned by federal agencies.  
21 6. "Financial assistance loan repayment agreement" means an  
22 agreement to repay a loan provided to design, construct, acquire,  
23 rehabilitate or improve water or wastewater infrastructure, related  
24 property and appurtenances or a loan provided to finance a water supply  
25 development project.  
26 7. "Indian tribe" means any Indian tribe, band, group or community  
27 that is recognized by the United States secretary of the interior and that  
28 exercises governmental authority within the limits of any Indian  
29 reservation under the jurisdiction of the United States government,  
30 notwithstanding the issuance of any patent and including rights-of-way  
31 running through the reservation.  
32 8. "Nonpoint source project" means a project designed to implement  
33 a certified water quality management plan.  
34 9. "Political subdivision" means a county, city, town or special  
35 taxing district authorized by law to construct wastewater treatment  
36 facilities, drinking water facilities or nonpoint source projects.  
37 10. "Safe drinking water act" means the federal safe drinking water  
38 act of 1974 (P.L. 93-523; 88 Stat. ~~1661~~ 1660; P.L. 95-190; 91 Stat. 1393;  
39 P.L. 104-182; 110 Stat. 1613), as amended in 1996.  
40 11. "Technical assistance loan repayment agreement" means either of  
41 the following:  
42 (a) An agreement to repay a loan provided to develop, plan and  
43 design water or wastewater infrastructure, related property and  
44 appurtenances. The agreement shall be for a term of not more than three

1 years and the maximum amount that may be borrowed is limited to not more  
2 than ~~five hundred thousand dollars~~ \$500,000.

3 (b) An agreement to repay a loan provided to develop, plan or  
4 design a water supply development project.

5 12. "Wastewater treatment facility" means a treatment works, as  
6 defined in section 212 of the clean water act, that is located in this  
7 state and that is designed to hold, cleanse or purify or to prevent the  
8 discharge of untreated or inadequately treated sewage or other polluted  
9 waters for purposes of complying with the clean water act.

10 13. "Water provider" means any of the following:

11 (a) A municipal water delivery system as defined in section  
12 42-5301, ~~paragraphs 1 and 3.~~

13 ~~(b) A municipal water delivery system as defined in section~~  
14 ~~42-5301, paragraph 2, which has entered into a partnership with a city,~~  
15 ~~town or county for a water supply augmentation plan.~~

16 ~~(c)~~ (b) A county water augmentation authority established under  
17 title 45, chapter 11.

18 ~~(d)~~ (c) A county water authority established under title 45,  
19 chapter 13.

20 ~~(e)~~ (d) An Indian tribe.

21 ~~(f)~~ (e) A community facilities district as established by title  
22 48, chapter 4.

23 (f) A PUBLIC WATER SYSTEM AS PRESCRIBED IN SECTION 49-352.

24 (g) A COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND  
25 PERSONS.

26 (h) A NATURAL RESOURCE CONSERVATION DISTRICT.

27 ~~(h)~~ (i) For purposes of funding from the water supply development  
28 revolving fund pursuant to article 3 of this chapter only, a county that  
29 enters into an intergovernmental agreement or other formal written  
30 agreement with a city, town or other water provider regarding a water  
31 supply development project.

32 14. "Water supply development" means either of the following:

33 (a) ~~The acquisition of~~ ACQUIRING water or rights to or contracts  
34 for water to augment the water supply of a water provider, including any  
35 environmental or other reviews, permits or plans reasonably necessary for  
36 that acquisition.

37 (b) ~~The development of~~ PLANNING, DESIGNING, BUILDING OR DEVELOPING  
38 facilities, including any environmental or other reviews, permits or plans  
39 reasonably necessary for those facilities, for any of the following  
40 purposes:

41 (i) Conveyance, storage or recovery of water.

42 (ii) Reclamation and reuse of water.

43 (iii) Replenishment of groundwater.

44 (iv) ACTIVE OR PASSIVE STORMWATER RECHARGE STRUCTURES THAT INCREASE  
45 WATER SUPPLIES.

1           Sec. 2. Section 49-1273, Arizona Revised Statutes, is amended to  
2 read:

3           49-1273. Water supply development revolving fund; purposes;  
4                                   limitation

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

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

9           2. Making loans or grants to water providers for the planning or  
10 design of water supply development projects. A single grant shall not  
11 exceed ~~one hundred thousand dollars~~ \$250,000.

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

15           4. Providing financial assistance to water providers with bonding  
16 authority to purchase insurance for local bond obligations incurred by  
17 them for water supply development purposes.

18           5. Paying the costs to administer the fund.

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

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

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

40           1. The board of supervisors of the county in which the water  
41 provider is located has adopted the provision authorized by section  
42 11-823, subsection A.

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

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

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

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

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

13           5. THE WATER PROVIDER IS LOCATED IN A COUNTY WITH A POPULATION OF  
14 LESS THAN ONE MILLION FIVE HUNDRED THOUSAND PERSONS.