SB 1822

Introduced by
Senators Fann: Borrelli, Gowan, Gray, Leach (with permission of Committee on Rules)

AN ACT

AMENDING SECTIONS 37-110 AND 37-1305, 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)
Be it enacted by the Legislature of the State of Arizona:

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

37-110. Due diligence fund; exemption; reversion

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

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

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

Sec. 2. Section 37-1305, Arizona Revised Statutes, is amended to read:

37-1305. Emergencies; prohibiting fireworks; liabilities and expenses; fire suppression revolving fund

A. On request of the state forester, the governor may authorize the state forester to incur liabilities for suppressing wildland fires and responding to other unplanned all-risk activities from unrestricted monies in the state general fund whether or not the legislature is in session.

B. The state forester has the authority to prohibit the use of fireworks during times of high fire potential in the unincorporated areas of the THIS state.

C. The state forester or the state forester's designee shall review all liabilities incurred and expenditures made under this section and shall report the expenditures to the department of administration for audit according to department of administration rules. The state forester shall transmit a copy of the report to the state emergency council.

D. Liabilities incurred under this section are subject to the following limitations:

1. Wildland fire suppression or other unplanned all-risk emergency liabilities shall not exceed three million dollars $3,000,000 of state general fund monies pursuant to subsection A of this section in a fiscal year for costs associated with suppressing wildland fires, supporting other unplanned all-risk activities such as fire, flood, earthquake, wind and hazardous material responses and preparing for periods of extreme fire danger and pre-position equipment and other fire suppression resources to provide for enhanced initial attack on wildland fires. The state forester shall not incur nonreimbursable liabilities for support of nonfire
all-risk activities. The governor shall determine when periods of extreme
fire danger exist and must approve any expenditure for pre-positioning
activities.

2. If the funding authorization in paragraph 1 of this subsection
is exhausted, or if the nonreimbursable liabilities incurred exceed the
cash balance of the fire suppression revolving fund, the state forester
shall not incur additional liabilities without the consent of a majority
of the state emergency council as authorized by section 35-192.

E. The state forester shall process and pay claims for
reimbursement for wildland fire suppression services, including claims for
personnel hours, used supplies and reasonable and negotiated costs of
damage to equipment that exceeds normal wear and tear, as follows:

1. Except as provided by paragraph 2 of this subsection, within
thirty days after receiving a complete and correct claim for wildland fire
suppression services, the state forester shall pay the claim from
available monies that have not been committed to the payment of other
wildfire expenses.

2. Within thirty days after receiving a complete and correct claim
for wildland fire suppression services on federal lands, the state
forester shall complete the processing of the claim and forward the claim
to the appropriate federal agency.

3. For any valid claim other than for federal reimbursement, if
there is insufficient funding in the fire suppression revolving fund, the
holder of the unpaid claim shall be issued a certificate pursuant to
section 35-189.

4. For any valid claim for federal reimbursement, the state
forester shall certify the claim to the state treasurer who shall pay the
claim, including claims for personnel hours, used supplies and reasonable
and negotiated costs of damage to equipment that exceeds normal wear and
tear, from monies appropriated from the budget stabilization fund pursuant
to section 35-144, subsection A, paragraph 3. The state forester shall
reimburse the state treasurer within forty-five days after payment of the
claim by a federal agency and the state treasurer shall deposit those
monies in the budget stabilization fund established by section 35-144.

F. Monies received for suppressing wildland fires, pre-positioning
equipment and firefighting resources and other unplanned all-risk
activities may be used for the purposes of section 37-1303 and this
section.

G. The state forester shall adopt rules for administering the
wildland fire suppression monies authorized under this section, subject to
approval of the governor.

H. The state forester may require reimbursement from cities and
other political subdivisions of this state and state and federal agencies
for costs incurred in the suppression of wildland fires, pre-suppression
or unplanned all-risk activities. Reimbursement shall be based on the
terms and conditions in cooperative agreements, land ownership or negligence. The state forester may require reimbursement from individuals or businesses only for costs incurred in the suppression of wildland fires or unplanned all-risk activities caused by their negligence or criminal acts.

I. The fire suppression revolving fund is established consisting of civil penalties collected pursuant to section 36-1610 and monies received by the state forester for wildland fire suppression and pre-positioning equipment and resources and for payment for activities related to combating wildland fires and supporting other unplanned all-risk activities such as fire, flood, earthquake, wind and hazardous material responses. The state forester shall not incur nonreimbursable liabilities for support of nonfire all-risk activities. The state forester shall administer the fund, and all monies received for these activities shall be deposited, pursuant to sections 35-146 and 35-147, in the fund. Monies in the fire suppression revolving fund are continuously appropriated to the state forester, except that if the unobligated balance of the fund exceeds two million dollars $2,000,000 at the end of any calendar year, the excess shall be transferred to the state general fund. Monies in the fire suppression revolving fund are otherwise exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 3. Title 37, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 37-1310, to read:

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

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

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

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

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

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

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

Sec. 4. Title 41, chapter 3, article 1.1, Arizona Revised Statutes, is amended by adding section 41-511.24, to read:

41-511.24. Arizona state parks store fund

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

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

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

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

A. THE DROUGHT MITIGATION BOARD TERMINATES ON JULY 1, 2031.
B. TITLE 49, CHAPTER 1, ARTICLE 8 AND THIS SECTION ARE REPEALED ON JANUARY 1, 2032.

Sec. 6. Title 49, chapter 1, Arizona Revised Statutes, is amended by adding article 8, to read:

ARTICLE 8. DROUGHT MITIGATION REVOLVING FUND PROJECTS

49-193. Definitions
IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:
1. "BOARD" MEANS THE DROUGHT MITIGATION BOARD OF DIRECTORS.
2. "ENTITY" MEANS AN INDIVIDUAL, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, ASSOCIATION, TRUST, UNINCORPORATED ORGANIZATION OR OTHER LEGAL ORGANIZATION OR A GOVERNMENT BODY.
3. "FUND" MEANS THE DROUGHT MITIGATION REVOLVING FUND ESTABLISHED BY SECTION 49-193.01.

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

A. THE DROUGHT MITIGATION REVOLVING FUND IS ESTABLISHED TO BE MAINTAINED IN PERPETUITY CONSISTING OF:
1. MONIES APPROPRIATED BY THE LEGISLATURE TO THE FUND.
2. MONIES RECEIVED FOR DROUGHT MITIGATION PURPOSES FROM THE UNITED STATES GOVERNMENT.
3. MONIES RECEIVED AS LOAN REPAYMENTS, INTEREST AND PENALTIES.
4. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE FUND.
5. GIFTS, GRANTS AND DONATIONS RECEIVED FOR DROUGHT MITIGATION PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.
B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

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

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

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

B. THE DROUGHT MITIGATION BOARD CONSISTS OF THE FOLLOWING MEMBERS:
1. NOT MORE THAN TWO PERSONS FROM A COMBINATION OF MARICOPA, PIMA
OR PINAL COUNTY.
2. NOT MORE THAN ONE PERSON FROM LA PAZ, MOHAVE OR YUMA COUNTY.
3. NOT MORE THAN ONE PERSON FROM COCHISE, GRAHAM, GREENLEE OR SANTA
CRUZ COUNTY.
4. NOT MORE THAN ONE PERSON FROM GILA OR YAVAPAI COUNTY.
5. NOT MORE THAN ONE PERSON FROM APACHE, COCONINO OR NAVAJO COUNTY.
6. THE DIRECTOR OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE.
7. THE FOLLOWING AS ADVISORY MEMBERS WITHOUT THE POWER TO VOTE:
   (a) THE PRESIDENT OF THE SENATE.
   (b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
   (c) THE STATE LAND COMMISSIONER.

C. MemBERS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPHS 1
THROUGH 5 OF THIS SECTION MUST HAVE A STRONG BACKGROUND IN WATER ISSUES
WITHIN THIS STATE. APPOINTED MEMBERS SERVE FIVE-YEAR TERMS OF OFFICE
BEGINNING AND ENDING ON THE THIRD MONDAY IN JANUARY AND SHALL BE APPOINTED
AS FOLLOWS:
1. THE GOVERNOR SHALL APPOINT ONE OF THE MEMBERS FROM MARICOPA,
PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM APACHE, COCONINO OR NAVAJO
COUNTY.
2. THE PRESIDENT OF THE SENATE SHALL APPOINT ONE OF THE MEMBERS
FROM MARICOPA, PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM GILA OR
YAVAPAI COUNTY.
3. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE
ONE MEMBER FROM LA PAZ, MOHAVE OR YUMA COUNTY AND THE ONE MEMBER FROM
COCHISE, GRAHAM, GREENLEE OR SANTA CRUZ COUNTY.

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

E. THE BOARD SHALL ELECT A CHAIRPERSON OF THE BOARD FROM AMONG THE
VOTING MEMBERS. THE CHAIRPERSON MAY APPOINT SUBCOMMITTEES AS NECESSARY.
F. The board may request assistance from representatives of other state agencies. The Department of Water Resources shall provide clerical and administrative support and technical assistance to the board.

G. Board members serve without compensation but are eligible for reimbursement of expenses from the fund through the Department of Water Resources pursuant to Title 38, Chapter 4, Article 2.

H. A majority of the voting members, which must include the Chairperson, constitutes a quorum for the purpose of an official meeting for conducting business. An affirmative vote of a majority of the members present at an official meeting is sufficient for the board to take any action.

I. The board shall keep and maintain a complete and accurate record of all board proceedings.

J. The board and any subcommittees are subject to Title 38, Chapter 3, Article 3.1, relating to public meetings, except as follows:

1. In addition to Section 38-431.03, the board and subcommittees may meet in executive session to discuss potential water supply or conservation project opportunities and strategies, that, if made public, could potentially harm the applicant's, the potential applicant's or this state's competitive position.

2. Activities and events held in public for the purpose of announcing water supply or conservation projects are not public meetings.

K. The board, its subcommittees and the officers and any employees of the board are subject to Title 38, Chapter 3, Article 8, relating to conflicts of interest.

L. The board shall adopt written policies, procedures and guidelines for standards of conduct, including a gift policy, for members of the board and for officers and employees of the board.

M. The board shall operate on the state fiscal year. On or before October 31 of each year, the board shall cause an audit to be conducted of the fund established by Section 49-193.01 by an independent certified public accountant. The board shall immediately file a certified copy of the audit with the Auditor General. The Auditor General may make further audits and examinations as necessary and may take appropriate action relating to the audit or examination pursuant to Title 41, Chapter 7, Article 10.1. If the Auditor General takes no further action within thirty days after the audit is filed, the audit is considered to be sufficient.

N. All state agencies shall cooperate with the board and make available data pertaining to the functions of the board as requested by the board.

49-193.03. Fund administration; expenses

A. The board shall administer the fund.

B. On notice to the board and the State Treasurer from the Director of Water Resources or the Director's designee regarding expenses incurred
Pursuant to Section 49-193.04, Subsection A, Paragraphs 1 and 4, the State Treasurer shall pay the expenses.

C. On notice from the Board, 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 and other assets in the fund shall be used solely for the purposes authorized by this article.

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

A. Monies in the fund may be used for the following purposes:

1. The Department of Water Resources may award grants to facilitate the forbearance of water deliveries that would avoid reductions in this state's Colorado River supplies. Grants may not be used to supplant or take the place of any existing forbearance contract for water to be stored in Lake Mead.

2. The State Land Department may apply for grants to support the State Land Department's ability to make the best use of water resources associated with State Trust land, in alignment with the State Land Department's trust responsibilities, to maximize the benefits for the trust beneficiaries and this state's future. Before developing any infrastructure for the Butler Valley groundwater basin under a State Land Department grant, the State Land Department shall obtain a hydrological study of groundwater availability in the Butler Valley groundwater basin.

3. The Board may make low-cost, long-term loans for planning, designing, constructing or financing water supply development projects to import water supplies from outside this state into this state, with priority given to those loan applications that demonstrate the largest statewide benefit.

4. The Board may pay the costs to administer the fund.

B. Monies in the fund may not be used to provide financial assistance to transfer water or the right to water related to a mainstream Colorado River entitlement away from an area near the Colorado River.

C. Grants from the fund are exempt from the provisions of Title 41, Chapter 24 governing the solicitation and award of grant applications.

D. Loans prescribed under Subsection A, Paragraph 3 of this section may be secured by providing linked deposit guarantees through third-party lenders by depositing monies with the lender on the condition that the lender make a loan on terms approved by the Board, at a rate of return on the deposit approved by the Board and the State Treasurer, and by giving the lender recourse against the deposit of loan repayments that are not made when due.

49-193.05. Drought mitigation fund financial assistance; procedures

A. In compliance with any applicable requirements, an entity may apply to the Board for and accept and incur indebtedness as a result of a
TO THE FUND FOR CONSERVATION AND WATER SUPPLY DEVELOPMENT PURPOSES. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, AN ENTITY MAY ALSO APPLY TO THE BOARD FOR AND ACCEPT GRANTS, STAFF ASSISTANCE OR TECHNICAL ASSISTANCE FOR PLANNING OR DESIGNING A WATER SUPPLY DEVELOPMENT PROJECT. AN ENTITY THAT APPLIES FOR AND ACCEPTS A LOAN OR OTHER FINANCIAL ASSISTANCE UNDER THIS ARTICLE IS NOT PRECLUDED FROM APPLYING FOR AND ACCEPTING A LOAN OR OTHER FINANCIAL ASSISTANCE UNDER ANY OTHER LAW.

B. THE BOARD SHALL:

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

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

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

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

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

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

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

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

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

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

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

   (c) THE BENEFITS OF THE PROJECT.

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

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

   (f) THE COST-EFFECTIVENESS OF THE PROJECT.

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

Sec. 7. Section 49-1273, Arizona Revised Statutes, is amended to read:

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

A. Monies in the water supply development revolving fund may be used for the following purposes:
1. Making water supply development loans to water providers in this state under section 49-1274 for water supply development purposes.
2. Making loans or grants to water providers for the planning or design of water supply development projects. A single grant shall not exceed one hundred thousand dollars $100,000.
3. Purchasing or refinancing debt obligations of water providers at or below market rate if the debt obligation was issued for a water supply development purpose.
4. Providing financial assistance to water providers with bonding authority to purchase insurance for local bond obligations incurred by them for water supply development purposes.
5. Paying the costs to administer the fund.
6. Providing linked deposit guarantees through third-party lenders by depositing monies with the lender on the condition that the lender make a loan on terms approved by the committee, at a rate of return on the deposit approved by the committee and the state treasurer and by giving the lender recourse against the deposit of loan repayments that are not made when due.

7. CONDUCTING WATER SUPPLY STUDIES.

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

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

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

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

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

4. The water provider is located outside of an active management
area and either of the following applies:
   (a) The director of water resources has designated the water
       provider as having an adequate water supply pursuant to section 45-108.
   (b) The water provider will use the financial assistance for a
       water supply development project and the director of water resources has
determined pursuant to section 45-108 that there is an adequate water
supply for all subdivided land that will be served by the project and for
which a public report was issued after the effective date of this
amendment to this section JULY 24, 2014.

Sec. 8. Laws 2019, chapter 263, section 141 is amended to read:

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

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

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

Sec. 9. Arizona water protection fund; use of monies

Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal
year 2021-2022, 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 2021-2022.
Sec. 10. Underground storage tank revolving fund; use of monies

Notwithstanding any other law, in fiscal year 2021-2022, 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 2021-2022 for:

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

Sec. 11. 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 2021-2022 to pay legal fees.

Sec. 12. 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 2021-2022 may not exceed $15,000,000.

Sec. 13. 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 2021-2022 that are not more than the fees that were charged in fiscal year 2020-2021 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, 2022 for the purpose of establishing fees pursuant to this section.

Sec. 14. Purpose

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

Sec. 15. Retroactivity

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