



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
Second Regular Session

Senate: NREW DP 9-0-0-0 | 3rd Read 29-0-1-0

House: NREW DPA/SE 11-1-0-0

SB1564: ~~domestic water districts; wastewater; annexation~~

NOW: on-farm irrigation efficiency; fund; appropriation

Sponsor: Senator Shope, LD 8

House Engrossed

Overview

Establishes the On-farm Irrigation Efficiency Pilot Program (Program) and Fund (Fund) to provide grants and collect data for on-farm irrigation efficiency systems (systems).

History

Programs and Incentives for Efficient Irrigation Systems

According to the Arizona Department of Water Resources (ADWR), irrigated agriculture uses about 74% of the available water supply in Arizona, making the largest sector of water use in the state ([ADWR](#)).

There are several state programs that promote water efficient agricultural practices, including:

- For users in active management areas (AMAs), ADWR provides funding for projects from the Augmentation and Conservation Assistance Fund, which is financed by groundwater withdrawal fees.
- In the Pinal AMA, revenues from a groundwater withdrawal fee of up to \$2.50 per year are used for groundwater and irrigation efficiency projects.
- An individual can also receive a tax credit for 75% of the expense of purchasing and installing an agricultural conservation system in Arizona if the land is used for crops, trees or livestock (A.R.S. §§ [45-611](#), [45-613](#) and [43-1084](#)).

Some federal programs also address this topic. For example, the WaterSMART Initiative (WSI) is a collaborative federal program between the Natural Resources Conservation Service and the Bureau of Reclamation that provides funding to help states, tribes and local entities plan for and implement projects that increase water supply and build drought resilience. This includes funding to improve irrigation water use efficiency in crop and pasture lands and to protect irrigation water sources from depletion. WSI's priority projects for FY 2022 included three locations in Arizona, with the grants totaling \$1,750,000 ([USDA](#)).

University of Arizona Cooperative Extension

The University of Arizona Cooperative Extension (UACE) is a research and education service that works with the federal government and all Arizona counties by collaborating with agriculture professionals in multiple areas including crop production systems, range and livestock systems and water resources management ([AZDA](#)).

Provisions

1. Establishes the Program to provide grants and collect data for systems to reduce the use of groundwater, surface water, mainstream Colorado River water or water delivered through the

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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Central Arizona Project (CAP) on farms while also minimizing or eliminating the use of flood irrigation. (Sec. 1)

2. Allows applicants to use water savings to irrigate fallowed lands only when their irrigation water consisted of mainstream Colorado River water or water delivered through the CAP that was not delivered due to water shortages in Lake Mead. (Sec. 1)
3. Establishes the Fund consisting of legislative appropriations, grants and monies from other lawful sources which are continuously appropriated, exempt from lapsing. (Sec. 1)
4. Limits UACE from using more than 10% of monies in the Fund for administration of the Program. (Sec. 1)
5. Allows UACE to use up to \$1,000,000 of Program funding for irrigation efficiency demonstration, research and education. (Sec. 1)
6. Allows UACE to accept and deposit grants, gifts, contributions and devises into the Fund to assist with administration. (Sec. 1)
7. Permits UACE to grant monies in the Fund to applicants for the acquisition and installation of a UACE approved system to replace or modify flood irrigation systems if:
 - a) The grant does not exceed \$1,000,000 for a single applicant or related applicants on the same farm unit;
 - b) The grant does not exceed \$1,500 per acre of land served by the system;
 - c) The approved system has at least 20% water use savings compared to other flood irrigation systems;
 - d) The projected water savings from the approved on-farm irrigation system, the crop type and estimated water usage is likely two result in a water savings of twenty percent or more as compared to normal flood irrigation practices;
 - e) The applicant has been farming the proposed acreage for at least three of the previous five years at the time of applicant;
 - f) The type of crop to be irrigated with the on-farm irrigation efficiency system has been grown in the agricultural region over the previous five years at the time of application;
 - g) The applicant agrees to use the new system for three years; and
 - h) The applicant holds a grower permit issued by the Arizona Department of Agriculture. (Sec. 1)
8. Specifies that the UACE can give preference to a system that is determined to:
 - a) Be the most cost-effective to reduce on-farm water usage;
 - b) Minimize energy usage in Arizona;
 - c) Maximize any other benefits to the irrigated land or crops grown on the land; and
 - d) Provide opportunities to collect data for diverse agricultural water use regions. (Sec. 1)
9. Requires the grant application from the UACE to include:
 - a) The name of the landowner in which title to the property is vested;
 - b) If applicable, the name of the irrigation district delivering water to the land;
 - c) The legal description of the irrigated fields that will benefit from the grant;
 - d) A description of the water right or entitlement that supports the current irrigation;
 - e) Water use and cropping history for the 5 years prior to the application;
 - f) A description of the current irrigation system and the proposed system technology; and
 - g) Any other information the UACE may require. (Sec. 1)
10. Prohibits recipients from receiving a state tax credit for that portion of the on-farm irrigation efficiency system that was purchased with program grant monies. (Sec. 1)

11. Instructs UACE to condition grants by requiring certification of installation of the system, a commitment to use the new system for three years and reporting requirements for the field. (Sec. 1)
12. Requires UACE to submit a written report of expenditures for systems to the Speaker of the House of Representatives and the President of the Senate and a copy to the Secretary of State before December 31 each year. (Sec. 1)
13. Requires the UACE's report to identify the specific fields where implementation occurred, the legal character of the water used on the fields, the soil type, the type of crops produced, the quantity of water saved by the implementation of the system and any other data that will better inform future decisions about placement of systems around Arizona (Sec. 1).
14. Contains a delayed repeal date for the Program of December 31, 2026. (Sec. 1)
15. Defines *on-farm irrigation efficiency system*, *qualified applicant* and *farm unit*. (Sec. 1)
16. Makes technical changes. (Sec. 1)