



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

AMENDED
FACT SHEET FOR H.B. 2441

state tree; residential planning
(NOW: standpipe service; continuation; emergency)

Purpose

An emergency measure that requires a city or town that provides water service in a county with a population of more than 1,500,000 persons to execute a treat and transport agreement with one or more third parties for a period of at least three years, treat and transport water to a standpipe and allow use of the standpipe for water to be hauled to residences that are outside the city's or town's water service area if outlined conditions are met.

Background

In 2022, the U.S. Bureau of Reclamation declared a Tier 1 shortage on the Colorado River. This shortage resulted in a substantial cut to Arizona's share of Colorado River water allocations ([CAP](#)). In 2023, the Lower Colorado River Basin entered into a Tier 2A shortage, requiring further cuts to water allocations throughout the Colorado River Basin states ([CAP](#)).

According to the City of Scottsdale's Drought Management Plan (Scottsdale DMP), if a Tier 1 or Tier 2A shortage has been triggered, any water hauling operations must cease unless the water hauling customer, whether residential or commercial, can prove indisputably that the hauled water is being supplied directly to a City of Scottsdale resident or business ([Scottsdale DMP](#)).

A *municipal water provider* is a city, town, domestic water improvement district, private water company or irrigation district that supplies water for non-irrigation use ([A.R.S. § 48-5901](#)). A *service area* with respect to a city or town, is the area of land actually being served water, for non-irrigation use, by the city or town ([A.R.S. § 45-402](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires a city or town that provides water service in a county with a population of more than 1,500,000 persons to execute a treat and transport agreement with one or more third parties for a period of at least three years, treat and transport water to a standpipe and allow use of the standpipe for water to be hauled to residences that are outside the city's or town's water service area if:
 - a) the number of residences to be served does not exceed 750, and the residences are in an area that is an unincorporated community within the county and adjacent to the city or town;

- b) the city or town previously provided standpipe service to water haulers that deliver water to the residences and the city or town ceased providing that service pursuant to a drought management plan adopted by the city or town;
 - c) before ceasing standpipe service, the city or town had an opportunity to execute a treat and transport agreement with one or more third parties that would have allowed the city or town to continue providing standpipe service to the water haulers at no cost to the city or town but the city or town did not execute the agreement before the effective date;
 - d) there is no other source of water for those persons within 10 miles of their residences;
 - e) the city or town is reimbursed for the full reasonable costs of treating and transporting the water and allowing the water to be hauled from the standpipe; and
 - f) treating and transporting the water to and allowing the water to be hauled from the standpipe does not, without the city's or town's consent, reduce the amount of water available to residences and businesses within the city's or town's water service area or to residences and businesses outside of the city's or town's water service area with whom the city or town has directly contracted to provide water through means other than water hauling.
- 2. Prohibits the city or town from charging residences, water haulers and other third parties for water-related costs, expenses and acre-feet of water that do not provide a direct benefit to the residences.
- 3. Requires a city or town that treats and transports water and that allows water to be hauled from a standpipe, either directly or by way of contract with one or more third party, to:
 - a) treat and transport water to the standpipe;
 - b) allow the water to be received at the standpipe and delivered through water haulers that have established a water hauling account with the city or town or its contractors;
 - c) bill and collect from the water haulers the reasonable cost of treating and transporting the water to and allowing the water to be hauled from the standpipe, not exceeding \$20 per each 1,000 gallons; and
 - d) provide annually at least 150 acre-feet of water at the standpipe.
- 4. States that self-hauling of water is allowed.
- 5. Requires a city, town or third party that secures, procures or provides water for treatment, transportation and water hauling to disclose to the public the source and quantity of the water provided.
- 6. Exempts a city or town that treats and transports water and that allows water to be hauled from a standpipe from liability for any actions taken or omissions after water is received by a water hauler at the standpipe.
- 7. Prohibits a city, town or third party that secures, procures or provides water for treatment, transportation and water hauling from reducing or suspending the amount of water for any reason except if the city, town or third party has disclosed the source and quantity of the water and that source has been reduced or suspended by a proportionate amount outside the city's, town's or third party's control.

8. Requires a city or town drought management plan to not prohibit the city or town from entering into contracts with private entities, including private water companies, to ensure the integration of stable and secure water supplies.
9. Exempts a city or town, if a city or town has fulfilled its obligations, from liability to any person or entity for providing or failing to provide water.
10. States that the area outside of a city's or town's utility service area where a water hauler may deliver water does not constitute a part of the city's or town's service area.
11. States that a city or town is not obligated to provide standpipe service outside of its service area unless required by law or contract.
12. Excludes standpipe service from being considered a utility service.
13. Stipulates that the requirement for a city or town to provide water service outside a city or town does not:
 - a) preclude the execution or implementation of a voluntary agreement before the effective date; or
 - b) apply if a voluntary treat and transport agreement or other agreement that results in adequate water being supplied to the residences that would otherwise receive water is executed and implemented by the effective date.
14. Repeals the requirement for a city or town to provide water service outside a city or town on January 1, 2026.
15. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Amendments Adopted by Committee

- Adopted the strike-everything amendment.

Amendments Adopted by Committee of the Whole

1. Increases the population threshold, from 500,000 persons to 1,500,000 persons, for which a city or town that provides water service must execute a treat and transport agreement with one or more third parties to a standpipe district under outlined conditions.
2. Adds, to the conditions for which a city, town or third party must execute, an agreement for the treatment and transportation of water.
3. States that a city or town is not obligated to provide standpipe service outside of the city's or town's service area unless required by law or contract.
4. States that the requirement for a city or town to transport and treat water does not apply if a voluntary agreement is executed and implemented before the effective date.
5. Requires a city or town, directly or by way of a contract with a third party, to treat and transport water to the standpipe.

6. Adds that self-hauling water is allowed.
7. Excludes the area outside of a city's or town's utility service area where a water hauler may deliver water from being considered a part of the city's or town's service area.
8. Makes technical and conforming changes.

Senate Action

NREW 3/30/23 DPA/SE 4-3-0

Prepared by Senate Research

May 15, 2023

RA/slp