



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1041

groundwater savings certificate; assured water

Purpose

Adds a Groundwater Savings Certificate as an alternative to a Certificate of Assured Water Supply.

Background

Obtaining an *assured water supply* means: 1) sufficient groundwater, surface water or effluent of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years; 2) the projected groundwater use is consistent with the management plan and achievement of the management goal for the active management area (AMA); and 3) the financial capability has been demonstrated to construct the water facilities necessary to make the supply of water available for the proposed use, including a delivery system and any storage facilities or treatment works ([A.R.S. § 45-576](#)).

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

Provisions

1. Adds a Groundwater Savings Certificate as an alternative to a Certificate of Assured Water Supply for the requirement that:
 - a) a person who proposes to offer subdivided lands for sale or lease in an Active Management Area (AMA) present a certificate to the Director of the Arizona Department of Water Resources (ADWR) before presenting the plat for approval to the city, town or county or before filing a notice of intention to offer such lands for sale or lease with the State Real Estate Commissioner;
 - b) a city, town or county approve a subdivision plat if the subdivider has obtained a certificate from the Director of ADWR (Director) or the subdivider has obtained a written commitment of water service for the subdivision from a city, town or private water company designated as having a certificate;
 - c) a subdivider, owner or agent has paid any activation fee required and any replenishment reserve fee required and has obtained a certificate from the Director prior to the State Real Estate Commissioner issuing a public report authorizing the sale or lease of subdivided lands;
 - d) the subdivider has obtained a written commitment of water service for the lands from a city, town or private water company designated as having an assured water supply or a Groundwater Savings Certificate prior to the State Real Estate Commissioner issuing a public report authorizing the sale or lease of subdivided lands;

2. Requires the city, town or county to note on the face of the approved plat that a Groundwater Savings Certificate has been submitted with the plat or that the subdivider has obtained a written commitment of water service for the proposed subdivision from a city, town or private water company designated a Groundwater Savings Certificate.
3. Subjects to review by the Director the determination that the city or town has a Groundwater Savings Certificate.
4. Allows the Director to determine that a city or town does not have a Groundwater Savings Certificate.
5. Exempts persons proposing to offer subdivided lands served by designated cities, towns and private water companies for sale or lease from applying for and obtaining a Groundwater Savings Certificate.
6. Requires the established ADWR rules, by January 1, 2025, to provide for a reduction in water demand for an application for a Groundwater Savings Certificate if a gray water system will be installed that meets the requirements of the rules adopted by the Arizona Department of Environmental Quality for gray water systems and, if the application is for a Groundwater Savings Certificate, the land for which the certificate is sought must qualify as a member land in a conservation district.
7. Defines a *Groundwater Savings Certificate* as requiring that:
 - a) the land that is the subject of the application for a Groundwater Savings Certificate is or will be enrolled as member land in an authorized groundwater replenishment district;
 - b) the applicant has demonstrated, pursuant to groundwater models, that wells that are located or hypothetically located on the land that is the subject of the application for a Groundwater Savings Certificate or wells that are legally authorized to provide water service to that land can be operated continuously for 100 years at the annual demand of the proposed development without exceeding at the location of the well or wells a depth to water of 1,000 feet or the depth of the bottom of the aquifer, whichever is less;
 - c) the applicant for a Groundwater Savings Certificate makes no claim to any sewage that may be produced from the use of water on the land and relinquishes any claim to the authorized sewage treatment provider that will provide sewer service to the land;
 - d) the projected groundwater use is consistent with the management plan and achievement of the management goal for the AMA;
 - e) the projected groundwater will be of adequate quality to satisfy the proposed water needs; and
 - f) the applicant or a groundwater replenishment district has demonstrated sufficient financial capability to deliver the necessary water of adequate quality.
8. Designates the act as the *Groundwater Protection and Housing Affordability Act*.
9. Requires Legislative Council staff to prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of the Groundwater Protection and Housing Affordability Act for consideration in the 57th Legislature, 1st Regular Session.
10. Makes technical and conforming changes.

11. Becomes effective on the general effective date.

Amendments Adopted by the Committee

1. Removes various circumstances in which a Groundwater Savings Certificate is an alternative for an assured water supply.
2. Adds to the definition of *Groundwater Savings Certificate*.

Senate Action

NREW 2/15/24 DPA 4-2-1

Prepared by Senate Research

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RA/slp