

CORRECTED

House Engrossed

groundwater replenishment districts; annual dues

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

CHAPTER 148

HOUSE BILL 2691

AN ACT

AMENDING SECTION 48-3779, ARIZONA REVISED STATUTES; RELATING TO
MULTI-COUNTY WATER CONSERVATION DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 48-3779, Arizona Revised Statutes, is amended to
3 read:

4 48-3779. Annual membership dues

5 A. On or before the third Monday of August of each year ~~beginning~~
6 ~~in 2011~~, the district may charge annual membership dues on all parcels of
7 member lands and on all municipal providers having a member service area.

8 B. The annual membership dues shall be established annually by the
9 district. The district shall use revenues from the annual membership
10 dues, together with revenues from other revenue sources that are legally
11 available to the district for those uses, solely to pay costs associated
12 with the acquisition, lease or exchange of water or water rights and
13 development of infrastructure necessary for the district to perform its
14 replenishment obligations, including the payment of debt service expenses,
15 and necessary reserves and coverage requirements, on bonds issued for
16 replenishment purposes.

17 C. For any year in which the district has, or expects to have, any
18 revenue bonds outstanding that were issued for replenishment purposes
19 pursuant to section 48-3772, subsection B, paragraph 13, the annual
20 membership dues shall be established in an amount determined by the
21 district to be sufficient to provide, with other revenues legally
22 available to the district for those purposes, and taking into account the
23 requirements of section 48-3772, subsection A, paragraph 8, for the
24 payment of all debt service expenses, including necessary reserves and
25 coverage requirements with respect to the bonds.

26 D. When the district has determined the amount of revenues to be
27 raised through the annual membership dues, the district shall allocate the
28 amount to be raised between member lands and member service areas prorated
29 on the basis of the following two volumes:

30 ~~1. Total current and projected annual replenishment obligation of~~
31 ~~all member lands as identified in the most recent plan of operation~~
32 ~~determined by the director of water resources to be consistent with~~
33 ~~achieving the management goal for the active management areas pursuant to~~
34 ~~section 45-576.03, subsection M, O or R.~~

35 1. FOR MEMBER LANDS, THE PROJECTED GROUNDWATER USE PER LOT
36 MULTIPLIED BY THE TOTAL NUMBER OF RESIDENTIAL, COMMERCIAL AND COMMON AREA
37 LOTS THAT ARE INCLUDED, OR INTENDED TO BE INCLUDED, IN EACH PARCEL OF
38 MEMBER LAND.

39 2. Total planned annual service area replenishment obligations for
40 all member service areas. The planned annual service area replenishment
41 obligation for a member service area is the lesser of:

42 (a) The annual service area replenishment obligation, as determined
43 by the district, associated with the current and committed water demands
44 projected within the member service area as of December 31 of the year
45 following the year in which the district is required to submit its next
46 plan under section 45-576.02, subsection C.

1 (b) The maximum amount of excess groundwater that may be reported
2 to the district as delivered by the municipal provider within the member
3 service area in any year as established in an agreement executed between
4 the municipal provider and the district.

5 E. The total amount allocated to member lands in any year, as
6 calculated pursuant to subsection D of this section, ~~shall be prorated~~
7 ~~among the Phoenix, Pinal and Tucson active management areas based on the~~
8 ~~current and projected annual replenishment obligation of all member lands~~
9 ~~in that active management area as identified in the most recent plan of~~
10 ~~operation determined by the director of water resources to be consistent~~
11 ~~with achieving the management goal for the active management area pursuant~~
12 ~~to section 45-576.03, subsection M, O or R. The prorated amount within~~
13 ~~each active management area~~ shall be further prorated among all parcels of
14 member land ~~located within that active management area~~ based on a uniform
15 fee per lot levied against the total number of residential, commercial and
16 common area lots included, or intended to be included, in each parcel of
17 member land AS DETERMINED IN SUBSECTION D OF THIS SECTION. These dues are
18 a lien on each parcel of member land and shall be certified, collected and
19 enforced with respect to member land in the same manner as the annual
20 assessment pursuant to section 48-3778. ~~However,~~ EXCEPT THAT any parcel
21 of member land that is included in the service area of a municipal
22 provider that has been designated as having an assured water supply under
23 section 45-576 is not subject to the annual membership dues.

24 F. The total amount allocated to member service areas in any year,
25 as calculated pursuant to subsection D of this section, shall be prorated
26 among all member service areas based on a uniform fee per acre-foot levied
27 against the member service area's dues volume. The dues volume for a
28 member service area is the greater of:

29 1. The planned annual service area replenishment obligation as
30 established pursuant to subsection D, paragraph 2 of this section for the
31 member service area.

32 2. Five ~~per cent~~ PERCENT of the service area's annual estimated
33 water demand to be satisfied with excess groundwater as identified in the
34 service area's most recent designation order issued by the director of
35 water resources. If the service area's most recent designation order
36 issued by the director of water resources does not identify the annual
37 estimated water demand to be satisfied with excess groundwater, the
38 service area's annual estimated water demand to be satisfied with excess
39 groundwater shall be calculated consistent with the rules adopted by the
40 director pursuant to section 45-576, subsection H.

41 G. Except in the first full year following the year in which the
42 director makes a determination that the district's most recent plan of
43 operation is consistent with achieving the management goals of the active
44 management areas pursuant to section 45-576.03, subsection M, for any year
45 in which the dues volume for a member service area, as determined pursuant
46 to subsection F of this section, exceeds the previous year's dues volume

1 for the member service area, a makeup charge shall be added to the annual
2 membership dues allocated under subsection F of this section to the member
3 service area. The makeup charge shall become part of the member service
4 area's annual membership dues for that year and is the sum of:

5 1. The difference between the current year's dues volume and the
6 previous year's dues volume, in acre-feet, multiplied by the sum of the
7 uniform fees per acre-foot established pursuant to subsection F of this
8 section for each year since the later of:

9 (a) The first full year following the year of the director's
10 determination that the district's most recent plan of operation is
11 consistent with achieving the management goals of the active management
12 areas pursuant to section 45-576.03, subsection M.

13 (b) The year in which the service area qualified as a member
14 service area pursuant to section 48-3780.

15 2. Interest on the amount established in paragraph 1 of this
16 subsection calculated at an interest rate determined by the district.

17 3. The amounts established in paragraphs 1 and 2 of this subsection
18 multiplied by ten ~~per cent~~ PERCENT.

19 H. The annual membership dues become an obligation of each
20 municipal provider that has a member service area and shall be stated,
21 collected and enforced with respect to the municipal provider in the same
22 manner as the annual replenishment tax pursuant to sections 48-3781 and
23 48-3782.

24 I. Annual membership dues collected by the district shall be
25 deposited in a special fund established by the state to be spent by the
26 district only for the purposes authorized by this article, including:

27 1. The payment of debt service expenses and funding reserves for
28 bonds issued for replenishment purposes.

29 2. The payment of the costs of acquiring, leasing or exchanging
30 water or water rights and development of infrastructure necessary for the
31 district to perform its replenishment obligations.

32 J. Amounts collected may be transferred to a bank or trust company
33 to be held in trust and spent with respect to bonds issued for
34 replenishment purposes.

35 Sec. 2. Applicability; billing year 2026-2027

36 Notwithstanding section 48-3779, Arizona Revised Statutes, as
37 amended by this act, a multi-county water conservation district may not
38 charge annual membership dues authorized under section 48-3779, Arizona
39 Revised Statutes, as amended by this act, on any parcel of member land for
40 the billing year 2026-2027 at a rate per lot of more than the rate charged
41 per lot for parcels of member land in the same active management area
42 during the 2025-2026 billing year.

APPROVED BY THE GOVERNOR MAY 7, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2025.