

Senate Engrossed House Bill
on-farm irrigation efficiency program; continuation

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

CHAPTER 219
HOUSE BILL 2638

AN ACT

AMENDING LAWS 2022, CHAPTER 322, SECTION 1; RELATING TO THE ON-FARM
IRRIGATION EFFICIENCY PILOT PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Laws 2022, chapter 322, section 1 is amended to read:

3 Section 1. On-farm irrigation efficiency pilot program;
4 on-farm irrigation efficiency fund; grants;
5 requirements; annual report; delayed repeal;
6 definitions

7 A. The on-farm irrigation efficiency pilot program is established
8 for the purpose of providing grants and collecting data for on-farm
9 irrigation efficiency systems to reduce on-farm use of groundwater,
10 surface water, mainstream Colorado River water or water delivered through
11 the central Arizona project while minimizing or eliminating the use of
12 flood irrigation or fallowing to reduce on-farm use. For applicants where
13 their on-farm irrigation use of mainstream Colorado River water or water
14 delivered through the central Arizona project was not delivered as a
15 result of water shortages in Lake Mead, water savings may be used to farm
16 fallowed irrigated acreage. For all other applicants, water savings may
17 not be used to irrigate additional lands.

18 B. The on-farm irrigation efficiency fund is established consisting
19 of legislative appropriations, grants from federal agencies and monies
20 from any other lawful source. Monies in the fund are continuously
21 appropriated and exempt from the provisions of section 35-190, Arizona
22 Revised Statutes, relating to lapsing of appropriations.

23 C. The university of Arizona cooperative extension shall administer
24 the on-farm irrigation efficiency fund and may use not more than ten
25 percent of the monies in the fund for the costs of administering the fund
26 and the on-farm irrigation efficiency pilot program. In addition, the
27 university of Arizona cooperative extension may use up to \$1,000,000 of
28 program funds for irrigation efficiency demonstration, research and
29 education. The university of Arizona cooperative extension may accept and
30 deposit in the fund monies, grants, gifts, contributions and devises to
31 assist in carrying out the purposes of this section.

32 D. The university of Arizona cooperative extension may grant monies
33 from the fund to qualified applicants for acquiring and installing an
34 on-farm irrigation efficiency system that is approved by the university of
35 Arizona cooperative extension to replace or modify flood irrigation
36 systems if:

37 1. The grant does not exceed \$1,000,000 for a single applicant or
38 related applicants on the same farm unit.

39 2. The grant does not exceed \$1,500 per acre of irrigable land that
40 is served by the on-farm irrigation efficiency system.

41 3. The approved system has demonstrated at least a twenty percent
42 savings in the amount of water used as compared to flood irrigation
43 systems. The demonstration must be made through independently verified
44 demonstration projects in this state or an accredited university analysis
45 that examines irrigation and energy efficiency and any other benefits to

1 the irrigable land and to crops grown on the irrigable land that take into
2 account this state's climate and crop and farming practices.

3 4. The projected water savings from the approved on-farm irrigation
4 system, the crop type and estimated water usage based on water frequency
5 and durations, is likely to result in a water savings of twenty percent or
6 more, as compared to normal flood irrigation practices.

7 5. The applicant provides A record of active farming for three of
8 the previous five years for the proposed acreage at the time of
9 application.

10 6. The type of crop to be irrigated with the installed system has
11 been grown in the agricultural region over the previous five years at the
12 time of application to allow for an appropriate comparison of water
13 savings.

14 E. In determining whether to approve an on-farm irrigation
15 efficiency system application, the university of Arizona cooperative
16 extension may give preference to a system that the university of Arizona
17 cooperative extension determines will:

- 18 1. Most cost-effectively reduce on-farm water usage.
- 19 2. Minimize energy usage to the benefit of this state.
- 20 3. Maximize any other benefits to the irrigable land or crops grown
21 on the irrigable land.

22 4. Provide opportunities for data collection for diverse high
23 agricultural water use regions in the state.

24 F. The application for a grant of monies shall be on a form
25 prescribed by the university of Arizona cooperative extension and shall
26 include all of the following:

- 27 1. The name of the landowner in which title to the real property is
28 vested.
- 29 2. The name of the irrigation district delivering water to the
30 land, if applicable.
- 31 3. The legal description of the irrigated fields that are intended
32 to benefit from the grant.
- 33 4. A description of the water right or entitlement that currently
34 supports the irrigated agriculture.
- 35 5. Water use and cropping history for the five calendar years
36 immediately preceding the application.
- 37 6. A description of the current irrigation delivery system and the
38 proposed on-farm irrigation efficiency system technology.
- 39 7. Any other information that the university of Arizona cooperative
40 extension may require.

41 G. Recipients of monies under this program may not receive a state
42 tax credit for that portion of an on-farm irrigation efficiency system
43 that is purchased with grant monies under the on-farm irrigation
44 efficiency pilot program.

1 H. As a condition of the grant, the university of Arizona
2 cooperative extension shall require the applicant to certify the
3 installation of the new on-farm irrigation efficiency system, agree to use
4 the new system for three years and report on the individual fields that
5 receive the benefit of the monies in order to demonstrate water delivery
6 reductions on the affected fields.

7 I. Before December 31 of each year, the university of Arizona
8 cooperative extension shall submit to the **JOINT LEGISLATIVE BUDGET**
9 **COMMITTEE, THE** speaker of the house of representatives and the president
10 of the senate a written report describing the activities of the university
11 of Arizona cooperative extension for the preceding fiscal year related to
12 expenditures from the on-farm irrigation efficiency fund for on-farm
13 irrigation efficiency systems and shall provide a copy of the report to
14 the secretary of state. The report shall include an accounting of
15 expenditures from the fund and how the monies were used to implement
16 on-farm irrigation efficiency systems. The report shall:

- 17 1. Identify ~~at least~~ the following:
 - 18 (a) **THE TOTAL NUMBER OF APPLICATIONS RECEIVED AND APPROVED.**
 - 19 (b) **THE TOTAL MONIES AWARDED AND THE TOTAL MONIES ENCUMBERED PER**
20 **APPLICATION.**
 - 21 (c) **THE TOTAL NUMBER OF ACRES SUBJECT TO APPLICATION AND THE TOTAL**
22 **NUMBERS OF ACRES SUBJECT TO AWARDED AND ENCUMBERED MONIES.**
 - 23 (d) **THE TYPES OF PROPOSED TECHNOLOGY.**
 - 24 (e) **FOR EACH APPROVED APPLICATION:**
 - 25 (i) **THE AMOUNT OF MONIES AWARDED.**
 - 26 (ii) **THE NUMBER OF ACRES APPROVED.**
 - 27 ~~1.~~ (iii) The specific fields where implementation occurred.
 - 28 ~~2.~~ (iv) The legal character of the water used on those fields.
 - 29 ~~3.~~ (v) The soil type and types of crops produced.
 - 30 ~~4.~~ (vi) The quantity of water conserved by the implementation of
31 the system.
 - 32 ~~5.~~ (vii) Any other relevant data to better inform future decisions
33 on strategically deploying on-farm irrigation efficiency systems or
34 programs to more efficiently use agricultural water in this state.
 - 35 (f) **THE TOTAL ADMINISTRATIVE COSTS OF THE PROGRAM IN THE PREVIOUS**
36 **FISCAL YEAR.**
 - 37 (g) **IF THE UNIVERSITY OF ARIZONA COOPERATIVE EXTENSION ACHIEVED ANY**
38 **ADMINISTRATIVE SAVINGS IN THE PREVIOUS YEAR, THE TOTAL MONIES SAVED AND A**
39 **DESCRIPTION OF HOW THE UNIVERSITY OF ARIZONA COOPERATIVE EXTENSION USED**
40 **THE SAVINGS TO ADVANCE THE PURPOSES OF THE PILOT PROGRAM.**
- 41 2. **INCLUDE AN OVERVIEW OF ANY MONIES USED FOR IRRIGATION EFFICIENCY**
42 **DEMONSTRATION, RESEARCH AND EDUCATION PURSUANT TO SUBSECTION C OF THIS**
43 **SECTION.**

44 J. This section is repealed from and after December 31, ~~2026~~ 2029.

1 K. For the purposes of this section:

2 1. "Farm unit" means one or more farms which are irrigated with
3 groundwater, surface water, mainstream Colorado River water or water
4 delivered through the central Arizona project and which are contiguous or
5 in proximity to each other with similar soil conditions.

6 2. "On-farm irrigation efficiency system" means a water delivery
7 system consisting of all component parts and equipment necessary to
8 deliver water to an irrigable field through a method other than flood
9 irrigation.

10 3. "Qualified applicant" means an agricultural landowner, or lessee
11 of agricultural land with the landowner's consent, **THAT IS** required by
12 state law to hold a grower permit issued by the Arizona department of
13 agriculture pursuant to section 3-363, Arizona Revised Statutes, **AND** that
14 has actively farmed the land in three of the five calendar years
15 immediately preceding the date of the application using some quantity of
16 groundwater, surface water, Colorado River water or water delivered
17 through the central Arizona project.

18 Sec. 2. Applicability

19 **Within ninety days after the effective date of this act, the**
20 **university of Arizona cooperative extension shall provide an aggregate**
21 **report consistent with the requirements of Laws 2022, chapter 322, section**
22 **1, as amended by this act, for each year since the inception of the**
23 **on-farm irrigation efficiency pilot program.**

APPROVED BY THE GOVERNOR JUNE 10, 2025.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 10, 2025.