

House Engrossed

subsequent AMA; previously nonirrigated land

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

# **HOUSE BILL 2202**

AN ACT

AMENDING SECTIONS 45-452, 45-470, 45-472, 45-473 AND 45-512, ARIZONA REVISED STATUTES; RELATING TO GROUNDWATER RIGHTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 45-452, Arizona Revised Statutes, is amended to  
3 read:

4 45-452. No new irrigated acreage in active management areas;  
5 central Arizona project water; exemption

6 A. In an initial active management area, except as provided in  
7 subsections B, ~~H~~, I, ~~and~~ J ~~AND~~ K of this section and sections 45-172,  
8 45-465.01 and 45-465.02, only acres of land ~~which~~ THAT were legally  
9 irrigated at any time from January 1, 1975 through January 1, 1980, ~~which~~  
10 THAT are capable of being irrigated, ~~which~~ THAT have not been retired from  
11 irrigation for a non-irrigation use pursuant to section 45-463 or 45-469  
12 and for which the irrigation grandfathered right has not been conveyed for  
13 a non-irrigation use, may be irrigated with any groundwater, effluent,  
14 diffused water on the surface or surface water, except that this does not  
15 prohibit irrigation with surface water used pursuant to decreed or  
16 appropriative rights established before June 12, 1980. In an initial  
17 active management area, land ~~which~~ THAT was not irrigated at any time from  
18 January 1, 1975 through January 1, 1980 is deemed to have been in  
19 irrigation if the director finds that either of the following applies:

20 1. In areas of an initial active management area not designated as  
21 critical groundwater areas under prior statutory law ~~prior to~~ BEFORE the  
22 date of the designation of the active management area, land is deemed to  
23 have been in irrigation if substantial capital investment has been made  
24 for the subjugation of such land for an irrigation use including on-site  
25 irrigation distribution facilities and a well or wells the drilling and  
26 construction of which were substantially commenced ~~prior to~~ BEFORE the  
27 date of the designation of the active management area.

28 2. In areas of an initial active management area ~~which~~ THAT were  
29 designated as critical groundwater areas under prior statutory law, land  
30 is deemed to have been in irrigation if substantial capital investment has  
31 been made in the twelve months before June 12, 1980 for the improvement of  
32 the land and on-site irrigation distribution facilities, including the  
33 drilling of wells, for an irrigation use. This paragraph does not allow  
34 irrigation of land ~~which~~ THAT could not have been legally irrigated under  
35 prior statutory law.

36 B. In an initial active management area, a person who owns acres of  
37 land ~~which~~ THAT may be irrigated pursuant to subsection A of this section  
38 may apply to the director to permanently retire all or a portion of such  
39 acres from irrigation and to irrigate conjunctively with central Arizona  
40 project water the same number of substitute acres. The director may  
41 approve the substitution of acres if the director determines that all of  
42 the following exist:

43 1. The substitute acres were legally irrigated during the period of  
44 September 30, 1958 to September 30, 1968, or such other period as the  
45 United States secretary of the interior may designate.

1       2. The acres to be retired from irrigation and the substitute acres  
2 are located outside of the exterior boundaries of the service area of a  
3 city, town or private water company and such acres are located within the  
4 same irrigation district and the same ~~sub-basin~~ SUBBASIN.

5       3. The substitution of acres is necessary to enable the irrigation  
6 district within which the acres are located to more efficiently deliver  
7 central Arizona project water.

8       4. Central Arizona project water available to the irrigation  
9 district within which the acres are located will be adequate to supply the  
10 substitute acres.

11      5. The substitution of acres will benefit the management of the  
12 active management area in which the acres are located.

13      C. Any acres permanently retired from irrigation pursuant to  
14 subsection B of this section relinquish their irrigation grandfathered  
15 rights, and such rights are deemed to be appurtenant to the substitute  
16 acres. Groundwater withdrawn or received for the irrigation of the  
17 substitute acres pursuant to an irrigation grandfathered right shall be  
18 reduced by the amount of central Arizona project water received for such  
19 acres.

20      D. The service area of the irrigation district in which the acres  
21 are located shall be modified to permanently delete the acres permanently  
22 retired from irrigation and include the substitute acres.

23      E. If a person retires land from irrigation pursuant to subsection  
24 B of this section, groundwater shall not be withdrawn from such retired  
25 land for any purpose unless pursuant to a groundwater withdrawal permit or  
26 unless withdrawn by a city, town or private water company within the  
27 service area of such city, town or private water company.

28      F. The director may reverse the substitution of irrigated acres as  
29 provided by subsections B through E of this section under the following  
30 conditions and procedures:

31      1. Title to the retired acres and substitute acres has reverted  
32 involuntarily, or voluntarily in lieu of foreclosure or forfeiture, to a  
33 previous owner or owners of the retired and substitute acres.

34      2. The current owner of the retired acres must apply to the  
35 director in writing stating:

36       (a) The history of the original substitution of acres under  
37 subsections B through E of this section.

38       (b) The circumstances regarding the reversion of title to the  
39 current owner or owners.

40       (c) Why reversal of the substitution of acres is necessary.

41      3. The director must find that reversing the substitution of acres:

42       (a) Will benefit the management of the active management area.

43       (b) Is necessary to prevent unreasonable hardship to the current  
44 owner of the retired acres.

45       (c) Will not cause unreasonable hardship to the current owner of  
46 the substitute acres, if owned separately from the retired acres.

1       4. If the director decides to reverse the substitution of acres:  
2           (a) The originally retired irrigation acres regain their original  
3 irrigation grandfathered rights, but groundwater withdrawn or received for  
4 the irrigation of those acres pursuant to an irrigation grandfathered  
5 right shall be reduced by any amount of central Arizona project water  
6 received for such acres.

7           (b) The substitute acres relinquish all irrigation grandfathered  
8 rights that were transferred to them under the original substitution of  
9 acres.

10          (c) The service area of the irrigation district in which the acres  
11 are located shall be modified to delete the substitute acres and include  
12 the originally retired irrigation acres.

13          (d) Groundwater may not thereafter be withdrawn from the substitute  
14 acres for any purpose unless pursuant to a groundwater withdrawal permit  
15 or unless withdrawn by a city, town or private water company within its  
16 service area.

17          G. In a subsequent active management area, except as provided in  
18 subsections H, I, ~~and~~ K of this section or section 45-172, only  
19 acres of land ~~which~~ THAT were legally irrigated at any time during the  
20 five years preceding the date of the notice of the initiation of  
21 designation procedures or the call for the election, ~~which~~ THAT are  
22 capable of being irrigated, ~~which~~ THAT have not been retired from  
23 irrigation for a non-irrigation use pursuant to section 45-463 or 45-469  
24 and for which the irrigation grandfathered right has not been conveyed for  
25 a non-irrigation use, ~~may~~ may be irrigated with groundwater, effluent,  
26 diffused water on the surface or surface water, except that this does not  
27 prohibit irrigation with surface water used pursuant to decreed or  
28 appropriative rights established before the date of the notice or the  
29 call. In a subsequent active management area, land is deemed to have been  
30 in irrigation if the director finds that either of the following applies:

31          1. In areas of a subsequent active management area ~~which~~ THAT were  
32 not irrigation non-expansion areas, land is deemed to have been in  
33 irrigation if substantial capital investment has been made for the  
34 subjugation of such land for an irrigation use including on-site  
35 irrigation distribution facilities and a well or wells the drilling and  
36 construction of which were substantially commenced before the date of the  
37 notice of the initiation of designation procedures or the call for the  
38 election.

39          2. In areas of a subsequent active management area ~~which~~ THAT were  
40 irrigation non-expansion areas, land is deemed to have been in irrigation  
41 if the director finds that substantial capital investment has been made in  
42 the twelve months before the date of the notice of the initiation of  
43 designation procedures or the call for the election, for the improvement  
44 of the land and on-site irrigation distribution facilities, including the  
45 drilling of wells, for an irrigation use. This paragraph does not allow

1 irrigation of land ~~which~~ THAT could not have been legally irrigated under  
2 section 45-437.

3 H. IN A SUBSEQUENT ACTIVE MANAGEMENT AREA, ON THE DIRECTOR'S  
4 DETERMINATION OF IRRIGATION GRANDFATHERED RIGHTS, A PERSON MAY IRRIGATE  
5 LAND THAT WAS NOT PREVIOUSLY SUBJECT TO IRRIGATION IF BOTH OF THE  
6 FOLLOWING CONDITIONS APPLY:

7 1. THE LAND IS ADJACENT TO A FARM UNIT OR PARCEL THAT WAS  
8 PREVIOUSLY SUBJECT TO IRRIGATION.

9 2. THE PERSON'S IRRIGATION OF THE LAND WOULD NOT CAUSE THE PERSON  
10 TO EXCEED THE VOLUME OF GROUNDWATER AWARDED TO THE PERSON BY AN IRRIGATION  
11 GRANDFATHERED RIGHT.

12 ~~H.~~ I. In an active management area, a state university engaged in  
13 the teaching and study of and experimentation in the science of  
14 agriculture may irrigate not more than three hundred twenty acres of land  
15 for such purposes with not more than five acre-feet of groundwater per  
16 acre per year. Water produced from any well pursuant to this subsection  
17 shall not be leased, sold or transported off the irrigated land operated  
18 by the state university. The right to withdraw and use groundwater  
19 pursuant to this subsection does not require a withdrawal permit, is not a  
20 grandfathered right, shall not give rise to a grandfathered right and may  
21 not be conveyed to any other user.

22 ~~I.~~ J. In an active management area, a correctional facility under  
23 the jurisdiction of the state department of corrections may irrigate with  
24 groundwater, effluent, diffused water on the surface or surface water up  
25 to a total of ten acres of land that otherwise may not be irrigated  
26 pursuant to subsection A or G of this section if the irrigation is for the  
27 purpose of producing plants or parts of plants for consumption by inmates  
28 at the correctional facility as part of a prisoner work program and if the  
29 correctional facility notifies the director of water resources in writing  
30 of the location of the acres of land to be irrigated ~~prior to~~ BEFORE their  
31 irrigation. The actual number of acres of land that a correctional  
32 facility may irrigate pursuant to this subsection shall be calculated by  
33 subtracting the number of acres of land the correctional facility may  
34 already irrigate under subsection A or G of this section from ten. The  
35 amount of water that a correctional facility may use during a year to  
36 irrigate acres of land pursuant to this subsection shall not exceed an  
37 amount calculated by multiplying the number of acres of land that are  
38 actually irrigated by the correctional facility during the year pursuant  
39 to this subsection, ~~—~~ by four and one-half acre-feet of water. The right  
40 to withdraw and use groundwater pursuant to this subsection does not  
41 require an irrigation grandfathered right, is not a grandfathered right,  
42 shall not give rise to a grandfathered right, ~~—~~ and may not be conveyed to  
43 any other user.

1       **✓ K.** During the second management period, acres of land in an  
2 active management area ~~which~~ THAT have been retired from irrigation for a  
3 non-irrigation use pursuant to section 45-463 or 45-469 or for which the  
4 irrigation grandfathered right has been conveyed for a non-irrigation use  
5 pursuant to section 45-472 may be irrigated with effluent, other than  
6 effluent recovered pursuant to a recovery well permit issued under chapter  
7 3.1 of this title or effluent given or received pursuant to a water  
8 exchange under chapter 4 of this title, and shall retain its appurtenant  
9 type 1 non-irrigation grandfathered right where the following conditions  
10 are met:

11       1. The land to be irrigated lies within the boundaries of an  
12 incorporated city or town.

13       2. The governing body or manager of the city or town has consented  
14 in writing to the irrigation of the land with effluent.

15       3. The effluent proposed for irrigation of the land cannot be  
16 reasonably beneficially used otherwise.

17       4. The owner of the land gives written notice to the director of  
18 intention to irrigate the land with effluent and receives written approval  
19 from the director before commencing irrigation. The notice shall set  
20 forth the legal description of the land to be irrigated, the certificate  
21 number of the type 1 non-irrigation grandfathered right appurtenant to the  
22 land, the source of effluent and the reasons the effluent cannot be  
23 reasonably beneficially used otherwise, and shall be accompanied by a  
24 copy of the written consent of the city or town in which the land to be  
25 irrigated is located.

26       **✗ L.** A person who may irrigate with effluent land to which a type  
27 1 non-irrigation right is appurtenant under subsection ~~✓ K~~ of this  
28 section may relinquish the right to irrigate all or a portion of the land  
29 by giving the director written notice that the person relinquishes the  
30 right. The notice shall include a legal description of the acres to be  
31 relinquished. The relinquishment is effective ~~upon~~ ON receipt of the  
32 notice by the director.

33       **✗ M.** If a person who may irrigate with effluent land to which a  
34 type 1 non-irrigation grandfathered right is appurtenant under subsection  
35 ~~✓ K~~ of this section conveys all or a portion of the land to a successor  
36 owner, the successor owner shall not irrigate the land prior to providing  
37 written notification to the director of the successor owner's intention to  
38 irrigate the land and receiving approval from the director pursuant to  
39 subsection ~~✓ K~~ of this section.

40       **✗ N.** Section 45-114, subsections A and B govern administrative  
41 proceedings, rehearing or review and judicial review of final decisions of  
42 the director under this section. If an administrative hearing is held, it  
43 shall be conducted in the active management area in which the use is  
44 located.

1        Sec. 2. Section 45-470, Arizona Revised Statutes, is amended to  
2 read:

3        45-470. Use of type 1 non-irrigation grandfathered right by  
4                original owner; definition

5        A. Except as provided in section 45-469, subsection I, or as  
6 provided in subsection B of this section, the original owner of a type 1  
7 non-irrigation grandfathered right pursuant to section 45-463 or 45-469  
8 may:

9                1. Use groundwater withdrawn pursuant to the right for any  
10 non-irrigation use:

11                (a) On the land to which the right is appurtenant.

12                (b) On any other land, subject to the provisions governing  
13 transportation of groundwater in articles 8 and 8.1 of this chapter,  
14 except that, if the land to which the right is appurtenant is included  
15 within the exterior boundaries of the service area of a city, town or  
16 private water company, use groundwater on other land only if the use on  
17 other land was commenced ~~prior to~~ BEFORE the date of the designation of  
18 the active management area or is pursuant to a development plan filed with  
19 the director ~~prior to~~ BEFORE the inclusion of the land within the exterior  
20 boundaries of the service area of the city, town or private water company.

21                2. Pursuant to section 45-473, convey retired irrigated land with  
22 the appurtenant type 1 non-irrigation grandfathered right. Any land not  
23 conveyed shall retain its appurtenant type 1 non-irrigation grandfathered  
24 right.

25                B. The original owner of a type 1 non-irrigation grandfathered  
26 right pursuant to section 45-463 or 45-469 shall not withdraw or use  
27 groundwater pursuant to the portion of the type 1 non-irrigation  
28 grandfathered right that is appurtenant to land which the original owner  
29 may irrigate with effluent under section 45-452, subsection ~~J~~ K.

30                C. For the purposes of this section, "original owner" means:

31                1. The person who acquired and retired land from irrigation ~~prior~~  
32 ~~to~~ BEFORE the date of the designation of the active management area  
33 pursuant to section 45-463 and any person or entity that holds such land  
34 under the same ownership as defined by section 45-461.

35                2. The person who retires legally irrigated land after the date of  
36 the designation of the active management area pursuant to section 45-469  
37 and any person or entity that holds such land under the same ownership as  
38 defined by section 45-461.

39        Sec. 3. Section 45-472, Arizona Revised Statutes, is amended to  
40 read:

41        45-472. Conveyance of irrigation grandfathered right; within  
42                service area; outside service area; change to  
43                non-irrigation grandfathered right; forfeiture of  
44                right to convey to non-irrigation use; definition

45        A. The owner of an irrigation grandfathered right may convey the  
46 right only with the land to which the right is appurtenant.

1       B. If the land to which an irrigation grandfathered right is  
2 appurtenant is within the exterior boundaries of the service area of a  
3 city, town or private water company:

4       1. The irrigation grandfathered right may be conveyed only for an  
5 irrigation use, except for expanded animal industry use or as provided in  
6 paragraphs 2 and 3 of this subsection. If an irrigation grandfathered  
7 right is conveyed for an irrigation or expanded animal industry use, the  
8 full amount of the right is conveyed. The amount of groundwater conveyed  
9 pursuant to the right:

10      (a) For an irrigation use may be withdrawn from the land to which  
11 the right is appurtenant or any other land and may be used only on the  
12 land to which the right is appurtenant or on contiguous irrigation acres  
13 under common ownership within the service area of the city, town or  
14 private water company subject to the provisions of articles 8 and 8.1 of  
15 this chapter relating to transportation of groundwater. For **THE** purposes  
16 of this subdivision, irrigation acres that are separated by a road,  
17 highway, easement or right-of-way from the land to which the irrigation  
18 grandfathered right is appurtenant are deemed to be contiguous.

19      (b) For an expanded animal industry use may be withdrawn by the new  
20 owner of the right only from the land to which the right is appurtenant  
21 and used on that land or on any other land, subject to the provisions of  
22 articles 8 and 8.1 of this chapter relating to transportation of  
23 groundwater. If the groundwater was delivered by an irrigation district  
24 to the previous owner of the right, the irrigation district may continue  
25 to deliver groundwater to the new owner pursuant to the right. If any  
26 portion of the amount of groundwater conveyed is withdrawn by the new  
27 owner and used on other land, no additional groundwater may be withdrawn  
28 for use on the land to which the right is appurtenant.

29      2. The irrigation grandfathered right may be conveyed to an  
30 industry engaged in the generation of electrical energy for the purpose of  
31 electrical energy generation, except that, if the facility for the  
32 generation of electrical energy is not subject to title 40, chapter 2,  
33 article 6.2, the conveyance is subject to the approval of:

34       (a) The appropriate city or town, if the irrigation grandfathered  
35 right to be conveyed is appurtenant to land within the exterior boundaries  
36 of the service area of a city or town.

37       (b) The director, if the irrigation grandfathered right to be  
38 conveyed is appurtenant to land within the corporate limits of a city or  
39 town and within the exterior boundaries of the service area of a private  
40 water company.

41      3. If an irrigation grandfathered right is conveyed for a  
42 non-irrigation use pursuant to paragraph 2 of this subsection, the amount  
43 of the right that is conveyed is the lesser of:

44       (a) The current maximum amount of groundwater that may be used  
45 pursuant to the right, as calculated pursuant to section 45-465,  
46 subsection B.

(b) Three acre-feet per year multiplied by the number of water duty acres in the farm in which the acre to which the right is appurtenant is located divided by the number of irrigation acres in the farm.

4. The new owner of an irrigation grandfathered right conveyed pursuant to paragraph 2 of this subsection may withdraw the amount of groundwater conveyed pursuant to that right, as determined in paragraph 3 of this subsection, only from the land to which the right is appurtenant and use the groundwater on that land, but may not use the groundwater on other land, except that, if the groundwater was delivered by an irrigation district to the previous owner of the right, the irrigation district may continue to deliver groundwater to the new owner pursuant to the right for use on the land to which the right is appurtenant.

5. All withdrawal or use of groundwater pursuant to this subsection is subject to subsection H of this section.

C. If the land to which an irrigation grandfathered right is appurtenant is included within the exterior boundaries of the service area of a city, town or private water company subsequent to the date of the designation of an active management area, the owner of the right ~~may~~, with the approval of the director and consistent with the provisions of this chapter, **MAY** convey the grandfathered right for a non-irrigation use, other than an expanded animal industry use, on the land to which the right is appurtenant, upon a showing that adequate water service is unavailable at rates comparable to rates charged similar classes of water users within such service area. The amount of the right conveyed is determined pursuant to subsection B, paragraph 3 of this section. All withdrawal or use of groundwater pursuant to this subsection is subject to subsection H of this section.

D. If the land to which an irrigation grandfathered right is appurtenant is outside of the exterior boundaries of the service area of a city, town or private water company:

1. The irrigation grandfathered right may be conveyed for an irrigation use or a non-irrigation use. If an irrigation grandfathered right is conveyed for an irrigation or an expanded animal industry use, the full amount of the right is conveyed. If an irrigation grandfathered right is conveyed for a non-irrigation use, other than an expanded animal industry use, the amount of the right that is conveyed is the lesser of:

(a) The current maximum amount of groundwater that may be used pursuant to the right as calculated pursuant to section 45-465, subsection B.

(b) Three acre-feet per year multiplied by the number of water duty acres in the farm in which the acre to which the right is appurtenant is located and divided by the number of irrigation acres in the farm.

2. The amount of groundwater conveyed pursuant to the right for a non-irrigation use, as determined in paragraph 1 of this subsection, may be withdrawn by the new owner of the right only from the land to which the right is appurtenant and used on that land or on any other land, subject

1 to section 45-473.01 and to the provisions of articles 8 and 8.1 of this  
2 chapter relating to transportation of groundwater, except that, if the  
3 groundwater was delivered by an irrigation district to the previous owner  
4 of the right, the irrigation district may continue to deliver groundwater  
5 to the new owner pursuant to the right. If any portion of the amount of  
6 groundwater conveyed is withdrawn by the new owner and used on other land,  
7 no additional groundwater may be withdrawn for use on the land to which  
8 the right is appurtenant, except that, if the new owner is an industry, it  
9 may withdraw a portion of the amount of groundwater conveyed for use on  
10 other land and withdraw the remainder of the amount of groundwater  
11 conveyed for municipal and industrial use on the land to which the right  
12 is appurtenant for purposes directly related to the industry's industrial  
13 operation.

14 3. The amount of groundwater conveyed pursuant to the right for an  
15 irrigation use, as determined in paragraph 1 of this subsection, may be  
16 withdrawn from the land to which the right is appurtenant or from any  
17 other land and may be used only on the land to which the right is  
18 appurtenant or on contiguous irrigation acres under common ownership,  
19 subject to the provisions of articles 8 and 8.1 of this chapter relating  
20 to transportation of groundwater. For THE purposes of this paragraph,  
21 irrigation acres that are separated by a road, highway, easement or  
22 right-of-way from the land to which the irrigation grandfathered right is  
23 appurtenant are deemed to be contiguous.

24 4. All withdrawal or use of groundwater pursuant to this subsection  
25 is subject to subsection H of this section.

26 E. If an irrigation grandfathered right is conveyed for a  
27 non-irrigation use, the new owner's right to withdraw or receive  
28 groundwater is a non-irrigation grandfathered right associated with  
29 retired irrigated land, or a type 1 non-irrigation grandfathered right.  
30 All subsequent conveyances of that right are governed by section 45-473.

31 F. The amount of a type 1 non-irrigation grandfathered right shall  
32 be determined at the time it is established and shall remain fixed at that  
33 amount.

34 G. An irrigation grandfathered right may not be conveyed for a  
35 non-irrigation use if one of the following applies:

36 1. The irrigation grandfathered right has not been retired in  
37 anticipation of a future non-irrigation use and has not been exercised for  
38 five consecutive years.

39 2. The land to which the irrigation grandfathered right is  
40 appurtenant was previously designated by the director as protected  
41 farmland pursuant to section 45-483, subsection A. This paragraph shall  
42 not apply to land that was designated by the director as protected  
43 farmland if the director revoked the designation pursuant to section  
44 45-483, subsection C, paragraph 1 and the director determined at that time  
45 that the conservation easement in the land was terminated because a  
46 partial or full condemnation of the land made farming impracticable.

1       H. A person who owns a type 1 non-irrigation grandfathered right  
2 under this section shall not withdraw or use groundwater pursuant to the  
3 portion of the type 1 non-irrigation grandfathered right that is  
4 appurtenant to land that the owner may irrigate with effluent pursuant to  
5 section 45-452, subsection ~~J~~ K.

6       I. For the purposes of this section, "land to which the right is  
7 appurtenant" means the acre or group of contiguous acres conveyed with an  
8 irrigation grandfathered right.

9       Sec. 4. Section 45-473, Arizona Revised Statutes, is amended to  
10 read:

11       45-473. Conveyance of type 1 non-irrigation grandfathered  
12                   right; use by new owner; appurtenancy; within  
13                   service area; outside service area; definition

14       A. The owner of a type 1 non-irrigation grandfathered right may  
15 convey the right only for a non-irrigation use and only with the land to  
16 which it is appurtenant. For THE purposes of this section, a type 1  
17 non-irrigation grandfathered right means a non-irrigation grandfathered  
18 right associated with retired irrigated land pursuant to section 45-463 or  
19 45-469 or an irrigation grandfathered right ~~which~~ THAT was conveyed for a  
20 non-irrigation use pursuant to section 45-472.

21       B. If a type 1 non-irrigation grandfathered right is conveyed, the  
22 full amount of the right is conveyed.

23       C. If the land to which a type 1 non-irrigation grandfathered right  
24 is appurtenant is within the exterior boundaries of the service area of a  
25 city, town or private water company, the amount of groundwater conveyed  
26 pursuant to the right may be withdrawn by the new owner of the right only  
27 from the land to which the right is appurtenant subject to subsection F of  
28 this section. The groundwater may be used on the land to which the right  
29 is appurtenant, but may not be used on other land unless the use on other  
30 land was commenced ~~prior to~~ BEFORE the date of the designation of the  
31 active management area or was commenced by the original owner of the right  
32 pursuant to a development plan filed with the director ~~prior to~~ BEFORE the  
33 inclusion of the land within the exterior boundaries of the service area  
34 of the city, town or private water company.

35       D. If the land to which the type 1 non-irrigation grandfathered  
36 right is appurtenant is outside of the exterior boundaries of the service  
37 area of a city, town or private water company, the amount of groundwater  
38 conveyed pursuant to the right may be withdrawn by the new owner of the  
39 right only from the land to which the right is appurtenant and used on  
40 that land or on any other land, subject to section 45-473.01 and to the  
41 provisions of articles 8 and 8.1 of this chapter relating to  
42 transportation of groundwater, and to subsection F of this section. If  
43 any portion of the amount of groundwater conveyed is withdrawn by the new  
44 owner and used on other land, no additional groundwater may be withdrawn  
45 for use on the land to which the right is appurtenant, except that, if the  
46 new owner is an industry, it may withdraw a portion of the amount of

1 groundwater conveyed for use on other land and withdraw the remainder of  
2 the amount of groundwater conveyed for municipal and industrial use on the  
3 land to which the right is appurtenant for purposes directly related to  
4 the industry's industrial operation.

5 E. If groundwater was delivered by an irrigation district to the  
6 previous owner of a type 1 non-irrigation grandfathered right, the  
7 irrigation district may continue to deliver groundwater pursuant to the  
8 right to the new owner of the right.

9 F. The new owner of a type 1 non-irrigation grandfathered right  
10 pursuant to section 45-463 or 45-469 shall not withdraw or use groundwater  
11 pursuant to the portion of the type 1 non-irrigation grandfathered right  
12 that is appurtenant to land ~~which~~ THAT the new owner may irrigate with  
13 effluent under section 45-452, subsection ~~J~~ K.

14 G. For THE purposes of this section, "land to which the right is  
15 appurtenant" means the acre or group of contiguous acres conveyed with a  
16 type 1 non-irrigation grandfathered right.

17 Sec. 5. Section 45-512, Arizona Revised Statutes, is amended to  
18 read:

19 **45-512. Categories of groundwater withdrawal permits**

20 Except as provided in section 45-452, subsection ~~H~~ I, section  
21 45-513, subsection B and articles 5 and 6 of this chapter, a person may  
22 not withdraw groundwater from a nonexempt well in an active management  
23 area unless the person obtains a groundwater withdrawal permit from the  
24 director pursuant to this article. The categories of groundwater  
25 withdrawal permits are as follows:

26 1. Dewatering permits issued pursuant to section 45-513.

27 2. Mineral extraction and metallurgical processing permits issued  
28 pursuant to section 45-514.

29 3. General industrial use permits issued pursuant to section  
30 45-515.

31 4. Poor quality groundwater permits issued pursuant to section  
32 45-516.

33 5. Temporary permits issued pursuant to sections 45-517 and 45-518.

34 6. Drainage water permits issued pursuant to section 45-519.

35 7. Hydrologic testing permits issued pursuant to section 45-519.01.

36 Sec. 6. **Retroactivity**

37 This act applies retroactively to from and after August 29, 2022.