

REFERENCE TITLE: groundwater replenishment; qualification; subbasin

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

HB 2258

Introduced by
Representative Mathis

AN ACT

AMENDING SECTIONS 48-3771, 48-3774, 48-3775, 48-3778, 48-3780 AND 48-3781,
ARIZONA REVISED STATUTES; RELATING TO GROUNDWATER REPLENISHMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-3771, Arizona Revised Statutes, is amended to
3 read:

4 48-3771. District replenishment obligations; replenishment
5 location; source of replenishment; exception

6 A. For each active management area in which member lands or member
7 service areas are or may be located, the district shall replenish
8 groundwater in an amount equal to the groundwater replenishment obligation
9 for that active management area. Except as provided in section 48-3781,
10 subsection G, the district shall complete the replenishment of the
11 groundwater replenishment obligation of that active management area
12 applicable to a particular year within three full calendar years after the
13 year that the district incurs the groundwater replenishment obligation.
14 Replenishment of the groundwater replenishment obligation of an active
15 management area applicable to a particular year is complete when the
16 amount of water added to aquifers through water storage that has been
17 credited directly to the district's conservation district account pursuant
18 to title 45, chapter 3.1, plus long-term storage credits that have been
19 transferred from the district's long-term storage account to its
20 conservation district account pursuant to title 45, chapter 3.1, less the
21 groundwater replenishment obligation of member lands and member service
22 areas located in the active management area and applicable to previous
23 years, less the contract replenishment obligations relative to municipal
24 providers in the active management area for previous years and the year of
25 the calculation, equals or exceeds the groundwater replenishment
26 obligation of the active management area for that year.

27 B. With respect to the portion of the groundwater replenishment
28 obligation attributable to a parcel of member land or a member service
29 area, the district shall replenish groundwater in the active management
30 area where the parcel of member land or the member service area is located
31 in an amount equal to the groundwater replenishment obligation applicable
32 to that parcel of member land or that member service area.

33 C. FROM AND AFTER DECEMBER 31, 2029, FOR REAL PROPERTY THAT
34 INITIALLY QUALIFIES AS MEMBER LAND PURSUANT TO SECTION 48-3774 AND FOR A
35 SERVICE AREA THAT INITIALLY QUALIFIES AS A MEMBER SERVICE AREA PURSUANT TO
36 SECTION 48-3780, THE DISTRICT SHALL REPLENISH GROUNDWATER IN THE SAME
37 SUBBASIN FROM WHICH GROUNDWATER IS WITHDRAWN TO SERVE THE MEMBER LAND OR
38 MEMBER SERVICE AREA.

39 ~~C.~~ D. Except as provided by title 45, chapter 3.1, the district
40 may replenish groundwater with central Arizona project water or water from
41 any other lawfully available source except groundwater withdrawn from
42 within an active management area.

43 ~~D.~~ E. Notwithstanding any other provision of this chapter, if a
44 parcel of member land is included in the service area of a municipal
45 provider that is not a member service area but that has been designated as

1 having an assured water supply under section 45-576, the parcel of member
2 land has no parcel replenishment obligation and the district has no
3 groundwater replenishment obligation attributable to that parcel of member
4 land for as long as the designation remains in effect.

5 ~~F.~~ F. Notwithstanding any other provision of this chapter and
6 except as provided in subsection ~~F~~ G of this section, if a parcel of
7 member land is included in the service area of a municipal provider that
8 is a member service area and that has been designated as having an assured
9 water supply under section 45-576, the parcel of member land has no
10 further parcel replenishment obligation.

11 ~~F.~~ G. After September 14, 2024, a municipal provider that submits
12 an application for a new designation of assured water supply pursuant to
13 rules adopted by the department of water resources in the Phoenix active
14 management area that relies on a member service area agreement may elect
15 for all parcels of member land in the municipal service area to retain a
16 replenishment obligation. For parcels of member land that retain a
17 replenishment obligation, the district shall replenish groundwater in an
18 amount equal to the obligation applicable to that parcel of member land.

19 ~~G.~~ H. If, pursuant to subsection ~~F~~ G of this section, a municipal
20 provider's service area contains member lands and the municipal provider
21 applies to become designated as having an assured water supply, the
22 municipal provider shall notify the district and the director of the
23 department of water resources at the time of application whether it
24 chooses to assume the member lands' replenishment obligation under the
25 municipal provider's designation of assured water supply and member
26 service area agreement. This section does not authorize new member lands
27 to be enrolled within the municipal provider's service area after the
28 service area is designated as having an assured water supply.

29 ~~H.~~ I. If a municipal provider chooses to allow parcels of member
30 land within its service area to retain the parcel replenishment obligation
31 pursuant to this section, the designation of assured water supply and
32 member service area agreement for the municipal provider shall provide
33 that the parcels of member land retain the parcel replenishment obligation
34 for the lesser of either of the following:

- 35 1. Ten years from the date of commencement of the first term of the
36 designation.
- 37 2. The first term of the designation.

38 ~~I.~~ J. On the lesser of the conditions prescribed by subsection
39 ~~H~~ I of this section, the municipal provider shall begin to assume a
40 percentage of the groundwater delivered to parcels of member land and any
41 associated parcel replenishment obligation and provide the information to
42 the district in the annual reports required by section 48-3775. In the
43 first year of reporting pursuant to this subsection, the municipal
44 provider may assume not less than ten percent of the total reported
45 groundwater delivered to each parcel of member land. In each successive

1 year the municipal provider shall assume at least an additional ten
2 percent so that within ten years, all reported groundwater delivered and
3 parcel replenishment obligation are assumed by the municipal provider and
4 the parcels of member land have no further parcel replenishment
5 obligation.

6 ~~J.~~ K. After a municipal provider assumes all groundwater
7 deliveries from all parcels of member land as prescribed by subsection
8 ~~I.~~ J of this section, the municipal provider shall cease submitting
9 reports to the district for parcels of member land pursuant to section
10 48-3775 while the municipal provider's designation of assured water supply
11 remains valid.

12 ~~K.~~ L. If a municipal provider assumes the parcel replenishment
13 obligation of member lands pursuant to a designation of assured water
14 supply that relies on a member service area agreement, any groundwater
15 allowance or extinguishment credits, as provided in rules adopted by the
16 department of water resources pursuant to section 45-576, associated with
17 the member lands assumed by the municipal provider may be used as follows:

18 1. If the parcel replenishment obligation and reported groundwater
19 delivered to the member lands are entirely assumed on the initial
20 designation of an assured water supply, the remaining extinguishment
21 credits or groundwater allowance associated with the member lands may be
22 used by the municipal provider as authorized pursuant to a member service
23 area agreement.

24 2. If the parcel replenishment obligation and reported groundwater
25 delivered to the member lands are assumed in stages as provided in
26 subsection ~~I.~~ J of this section, the municipal provider may use the
27 groundwater allowance and extinguishment credits for the member lands in
28 the same manner as authorized in the applicable agreement and notice of
29 municipal reporting requirements if the groundwater is being reported as
30 delivered to member lands. Thereafter, any remaining extinguishment
31 credits or groundwater allowance may be used by the municipal provider as
32 authorized under the member service area agreement.

33 Sec. 2. Section 48-3774, Arizona Revised Statutes, is amended to
34 read:

35 48-3774. Qualification as member land

36 A. Real property qualifies as member land only if all of the
37 following apply:

38 1. The real property is located in an active management area in
39 which a part of the central Arizona project aqueduct is located.

40 2. The real property is not in a member service area or in a
41 groundwater replenishment district under chapter 27 of this title.

42 3. The real property is not a water district member land or a
43 parcel of water district member land, or in a water district member
44 service area established under chapter 28 of this title.

1 4. The conditions stated in section 45-576.01, subsection B,
2 paragraphs 2 and 3 are satisfied with respect to the district at the time
3 of the qualification.

4 5. The owner of the real property, or other person or entity, such
5 as a property owners' or homeowners' association, if the person or entity
6 has proper authority, records a declaration that has been approved by the
7 district against the real property in the official records of the county
8 where the real property is located that:

9 (a) Contains the legal description of the real property.

10 (b) Declares the intent of the owner that the real property qualify
11 as member land under this chapter.

12 (c) Declares that, in order to permit the delivery of excess
13 groundwater to the real property, each parcel of member land thereafter
14 established at the real property is subject to a parcel replenishment
15 obligation and to a replenishment assessment to be determined by the
16 district.

17 (d) Declares that qualifying as member land and subjecting the real
18 property to the parcel replenishment obligation and the replenishment
19 assessment directly benefits the real property by increasing the potential
20 of the property to qualify for a certificate of assured water supply
21 issued by the department of water resources pursuant to title 45, chapter
22 2, article 9, thereby allowing the development, use and enjoyment of the
23 real property.

24 (e) Contains a covenant that is binding against the real property
25 and each parcel of member land thereafter established at the real property
26 to pay to the district a replenishment assessment based on the parcel
27 replenishment obligation in an amount determined by the district pursuant
28 to section 48-3772, subsection A.

29 (f) Declares that the district may impose a lien on the real
30 property and each parcel of member land thereafter established at the real
31 property to secure payment of the replenishment assessment and any
32 applicable replenishment reserve fee.

33 (g) Declares that the covenants, conditions and restrictions
34 contained in the declaration run with the land and bind all successors and
35 assigns of the owner.

36 B. The declaration may contain covenants, conditions and
37 restrictions in addition to those prescribed by this section. The
38 declaration may be an amendment or supplement to covenants, conditions and
39 restrictions recorded against developed or undeveloped land.

40 C. Notwithstanding subsection A of this section, no real property
41 qualifies as member land unless the municipal provider that will provide
42 water to the real property that is subject to the declaration records in
43 the official records of the county where the real property is located an
44 agreement between the district and the municipal provider that contains
45 both of the following:

- 1 1. The legal description of the real property and the tax parcel
2 numbers for the real property.
- 3 2. An agreement by the municipal provider to submit to the district
4 by March 31 of each year after the recordation of the instrument the
5 information prescribed by section 48-3775, subsection A and such other
6 information as the district may reasonably request.
- 7 D. Real property previously accepted as member land pursuant to
8 subsection A of this section terminates its member land status only if all
9 of the following apply:
- 10 1. No lot or parcel of subdivided land within the real property has
11 been sold or leased to a retail purchaser or lessee.
- 12 2. The state real estate commissioner has not issued a public
13 report for the real property.
- 14 3. If lot or parcel boundaries were previously recorded for the
15 real property, the planning agency having planning authority over the real
16 property has approved a plat vacating the lot or parcel boundaries that
17 were previously recorded for the real property.
- 18 4. The owner or owners of the real property or other person or
19 entity, such as a property owners' or homeowners' association, if the
20 person or entity has proper authority, records a declaration that has been
21 executed by the district and the director of water resources against the
22 real property in the official records of the county where the real
23 property is located AND that:
- 24 (a) Contains the legal description of the real property that is
25 substantially similar to the legal description of the real property
26 included in the declaration recorded pursuant to subsection A, paragraph 5
27 of this section.
- 28 (b) Declares that the covenants, conditions and restrictions
29 previously recorded pursuant to subsection A, paragraph 5 of this section
30 are revoked.
- 31 5. The agreement recorded pursuant to subsection C of this section
32 has been revoked by mutual agreement of the parties to that agreement and
33 the municipal provider has recorded notice of the revocation in the
34 official records of the county where the real property is located.
- 35 6. If the department of water resources has issued a certificate of
36 assured water supply for the real property, the director of water
37 resources has revoked the certificate pursuant to a written agreement for
38 revocation entered into between the holder of the certificate and the
39 director.
- 40 E. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, ON THE EFFECTIVE
41 DATE OF THIS AMENDMENT TO THIS SECTION, THE DISTRICT MAY DETERMINE THAT
42 NEW REAL PROPERTY DOES NOT QUALIFY AS MEMBER LAND.
- 43 ~~E.~~ F. For the purposes of subsection D of this section, ~~a~~ "retail
44 purchaser or lessee" means a purchaser or lessee of a lot or parcel of

1 subdivided lands that is entitled to receive a public report from the
2 seller or lessor pursuant to section 32-2183, subsection I.

3 Sec. 3. Section 48-3775, Arizona Revised Statutes, is amended to
4 read:

5 48-3775. Reports

6 A. Except as provided in subsection H of this section, on or before
7 March 31 of each year after the recordation of the instrument described in
8 section 48-3774, subsection C, each municipal provider delivering water to
9 member land shall file with the district and with the director of water
10 resources a report that contains the following information for the
11 preceding calendar year, which is the reporting year:

12 1. The amount of groundwater delivered by the municipal provider to
13 each parcel of member land, identified by the applicable tax parcel
14 number, and the basis for the calculation of the amount of groundwater
15 delivered.

16 2. The amount of groundwater delivered by the municipal provider to
17 the member land and the basis for the calculation of the amount of
18 groundwater delivered.

19 3. The amount of excess groundwater delivered by the municipal
20 provider to the member land and the basis for the calculation of the
21 amount of excess groundwater delivered.

22 4. The parcel replenishment obligation of each parcel of the member
23 land, identified by the applicable tax parcel number.

24 5. Such other information as the district may reasonably require.

25 B. On or before March 31 of each year after the qualification of a
26 municipal provider's service area as a member service area, the municipal
27 provider shall file with the district and with the director of water
28 resources a report that contains the following information for the
29 preceding calendar year, which is the reporting year:

30 1. The amount of groundwater delivered by the municipal provider to
31 all customers within the member service area and the basis for the
32 calculation of the amount of groundwater delivered and, if the municipal
33 provider has entered into a member service area agreement pursuant to
34 section 48-3771, subsections ~~H~~ I and ~~I~~ J, the amount of groundwater
35 delivered to member lands and the percentage of those groundwater
36 deliveries assumed by the municipal provider.

37 2. The amount of excess groundwater delivered by the municipal
38 provider to all customers within the member service area and the basis for
39 the calculation of the amount of excess groundwater delivered.

40 3. Such other information as the district may require.

41 C. The district shall confirm the calculation of the parcel
42 replenishment obligation of each parcel of the member land and the service
43 area replenishment obligation of each member service area, using the
44 information provided in subsections A and B of this section.

1 D. To the extent allowed by the assured water supply rules adopted
2 by the department of water resources pursuant to section 45-576,
3 subsection H, in calculating the excess groundwater of a member land or a
4 member service area, the municipal provider shall reduce the amount of
5 groundwater that may be used, consistent with such rules, at a member land
6 or delivered for use within the member service area and that is not
7 derived from credits on a straight line basis over the applicable period
8 of years prescribed in such rules. The municipal provider may apply any
9 credits applicable to the member land or the member service area as
10 allowed under such rules.

11 E. The district shall prepare and file with the director of water
12 resources on or before August 31 of each year for the prior calendar year,
13 which is the reporting year, an annual report that includes the following
14 information:

15 1. The total amount of water that was stored by the district during
16 the reporting year pursuant to each water storage permit issued to it
17 under title 45, chapter 3.1.

18 2. The amount of water stored by the district during the reporting
19 year to be credited to the district's conservation district account
20 pursuant to title 45, chapter 3.1.

21 3. The amount of water stored by the district during the reporting
22 year to be credited to the district's replenishment reserve subaccount
23 pursuant to title 45, chapter 3.1.

24 4. The groundwater replenishment obligations for the reporting year
25 and for the two calendar years preceding the reporting year, and the
26 extent to which the district has completed the groundwater replenishment
27 obligations applicable to each of those years.

28 5. The information required under section 45-877.01.

29 6. The amount of water stored by the district during the reporting
30 year to be credited to the district's long-term storage account pursuant
31 to title 45, chapter 3.1.

32 7. The amount of long-term storage credits the district has
33 transferred and credited to its conservation district account pursuant to
34 title 45, chapter 3.1 during the reporting year.

35 F. The district and the municipal providers required to file
36 reports under this section shall maintain current, accurate records of the
37 information required to be included in the reports.

38 G. If a municipal provider fails to file a report as required by
39 the district, the district may assess a penalty of up to \$1,000 per day
40 that the report is overdue.

41 H. A municipal provider shall not file the report required by
42 subsection A of this section for a parcel of member land that is included
43 in the service area of a municipal provider that is a member service area
44 that has been designated as having an assured water supply under section
45 45-576 unless the parcel of member land is subject to a member service

1 area agreement as prescribed in section 48-3771, subsections ~~H~~ I and
2 ~~I~~ J.

3 Sec. 4. Section 48-3778, Arizona Revised Statutes, is amended to
4 read:

5 48-3778. Annual assessment; general revenue law

6 A. On or before the third Monday of August of each year after the
7 qualification of any real property as member land, the district shall
8 charge an annual replenishment assessment against each parcel of member
9 land that is subject to a parcel replenishment obligation. This charge
10 becomes a lien on the parcel and shall be collected in the same manner as
11 an ad valorem tax. The assessments shall be calculated by the district
12 pursuant to this article and shall be sufficient to produce the amount of
13 money estimated as needed to pay the costs and expenses to replenish
14 groundwater established under section 48-3772, subsection A and taking
15 into account any annual replenishment tax levied against municipal
16 providers under section 48-3781 and any member service area agreement
17 pursuant to section 48-3771, subsections ~~H~~ I and ~~I~~ J.

18 B. The district shall promptly certify the assessments to the board
19 of supervisors of each county in which member lands are located, and these
20 boards of supervisors at the time of levying general county taxes shall
21 take the necessary steps for collection of replenishment assessments
22 against the parcels of member land within such county.

23 C. The assessment when collected shall be deposited, pursuant to
24 sections 35-146 and 35-147, in the special fund established under section
25 48-3773, subsection A, paragraph 3 to be spent by the district only for
26 the purposes authorized by this article.

27 D. All provisions of the general revenue laws for the collection of
28 taxes on real estate for county purposes apply to the collection of the
29 replenishment assessment imposed by this article, including all remedies
30 of the revenue laws for collecting delinquent taxes and provisions
31 relating to sales of real property for delinquent taxes. The exemptions
32 applicable to ad valorem taxes do not apply to assessments charged
33 pursuant to this section.

34 Sec. 5. Section 48-3780, Arizona Revised Statutes, is amended to
35 read:

36 48-3780. Qualification as a member service area; termination

37 A. The service area of a municipal provider qualifies as a member
38 service area only if all of the following apply:

39 1. The service area is located in an active management area in
40 which a part of the central Arizona project aqueduct is located.

41 2. The municipal provider is not a member of a groundwater
42 replenishment district established pursuant to chapter 27 of this title.

43 3. The service area of the municipal provider is not a water
44 district member service area under chapter 28 of this title.

1 4. If the municipal provider or its predecessor previously
2 terminated member service area status pursuant to subsection B of this
3 section, the service area or any portion of the service area has not been
4 a member service area for at least ten years. The district may waive this
5 requirement if the district and the director of water resources determine
6 that previously unforeseen circumstances necessitate requalification of
7 the service area.

8 5. If the municipal provider or its predecessor previously
9 terminated member service area status pursuant to subsection B of this
10 section, the municipal provider agrees to pay to the district all charges
11 that would have otherwise been imposed by the district had the member
12 service area status remained in effect during the period since termination
13 became effective.

14 6. If all or a portion of the service area has previously qualified
15 as a member service area, the municipal provider agrees to pay an amount
16 equal to the amount of the replenishment taxes assessed against its
17 predecessor that were not paid, plus interest calculated in accordance
18 with section 48-3782, subsection A.

19 7. The conditions stated in section 45-576.01, subsection B,
20 paragraphs 2 and 3 are satisfied with respect to the district at the time
21 of the qualification.

22 8. The municipal provider publishes a resolution once each week for
23 two consecutive weeks in a newspaper of general circulation in the county
24 or counties where the service area is located that:

25 (a) Has attached to it a current map of the municipal provider's
26 service area.

27 (b) Declares the intent of the municipal provider that the service
28 area qualify as a member service area under this chapter.

29 (c) Declares that, for the privilege of withdrawing and delivering
30 excess groundwater within its service area and to ensure the continued
31 exercise of that privilege, the municipal provider shall pay an annual
32 replenishment tax to be determined by the district.

33 (d) Contains a covenant, binding against the municipal provider, to
34 pay to the district an annual replenishment tax based on the service area
35 replenishment obligation in an amount determined by the district as
36 necessary to allow the district to perform the groundwater replenishment
37 obligations.

38 (e) Authorizes the municipal provider to enter into a written
39 commitment with the district in the form and substance satisfactory to the
40 district regarding payment of the annual replenishment tax.

41 (f) Declares that the resolution applies to the service area of the
42 municipal provider as it currently exists and to all additions to and
43 extensions of the service area.

1 (g) Declares that the resolution is irrevocable for as long as the
2 district is obligated to perform the groundwater replenishment
3 obligations.

4 (h) If applicable, declares that the municipal provider has elected
5 to have parcels of member land within the member service area of the
6 municipal provider retain the replenishment obligations as authorized
7 pursuant to section 48-3771, subsections ~~H~~ I and ~~I~~ J.

8 B. A service area previously accepted as a member service area
9 pursuant to subsection A of this section terminates its member service
10 area status only if all of the following apply:

11 1. The municipal provider for the member service area has submitted
12 an application to the district requesting termination of member service
13 area status.

14 2. The municipal provider for the member service area has submitted
15 an application to the director of water resources requesting modification
16 of the municipal provider's assured water supply designation under section
17 45-576 that eliminates the municipal provider's reliance on member service
18 area status.

19 3. The applications provide evidence satisfactory to the director
20 of water resources that the municipal provider has obtained a substitute
21 supply of water, other than groundwater, that is determined by the
22 director of water resources to be consistent with assured water supply
23 requirements pursuant to section 45-576 and that is sufficient to
24 eliminate the municipal provider's reliance on member service area status.

25 4. The director of water resources has approved the municipal
26 provider's application to modify its assured water supply designation
27 based on the addition of the substitute water supply.

28 5. The municipal provider publishes a resolution once each week for
29 two consecutive weeks in a newspaper of general circulation in the county
30 or counties where the service area is located that:

31 (a) Has attached to it a current map of the municipal provider's
32 service area.

33 (b) Declares the intent of the municipal provider to terminate the
34 service area's member service area status.

35 (c) Declares that the district is no longer obligated to perform
36 the groundwater replenishment obligations on behalf of the service area.

37 (d) Revokes the resolution for the member service area provided for
38 in subsection A, paragraph 7 of this section.

39 6. All amounts owed by the water provider on behalf of the member
40 service area to the district have been paid.

41 7. The municipal provider has paid or made arrangements suitable to
42 the district for repayment of any capital costs incurred by the district
43 specifically on behalf of the member service area.

1 C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, ON THE EFFECTIVE
2 DATE OF THIS AMENDMENT TO THIS SECTION, THE DISTRICT MAY DETERMINE THAT AN
3 ADDITIONAL SERVICE AREA OF A MUNICIPAL PROVIDER DOES NOT QUALIFY AS A
4 MEMBER SERVICE AREA.

5 Sec. 6. Section 48-3781, Arizona Revised Statutes, is amended to
6 read:

7 48-3781. Annual replenishment tax; contract replenishment tax

8 A. On or before the third Monday of August of each year after the
9 qualification of the member service area of any municipal provider, the
10 district shall levy a replenishment tax against each municipal provider
11 having a qualified member service area for the privilege of withdrawing
12 and delivering excess groundwater within the member service area. The
13 replenishment tax shall be calculated by the district in accordance with
14 this article and shall be sufficient to produce the amount of money
15 estimated as needed to pay the costs and expenses to replenish groundwater
16 established under section 48-3772, subsection A, and taking into account
17 any annual replenishment assessment levied under section 48-3778 and any
18 member service area agreements entered pursuant to section 48-3771,
19 subsections ~~I~~ and ~~J~~.

20 B. The district shall promptly transmit a statement to each
21 municipal provider having a member service area stating the amount of the
22 annual replenishment tax and any replenishment reserve fee due under
23 section 48-3780.01.

24 C. On or before the third Monday of August of each year after the
25 district enters into any contract to replenish water pursuant to section
26 48-3772, subsection B, paragraph 9, the district shall levy a tax against
27 each municipal provider that is a party to a contract to replenish
28 groundwater at the assessment rate provided in the applicable contract.
29 The district shall promptly transmit a statement to each municipal
30 provider that is a party to a contract to replenish groundwater stating
31 the amount of the replenishment tax due under the contract.

32 D. On or before October 15 of each year, each municipal provider
33 that has a member service area shall pay to the district an amount equal
34 to the annual replenishment tax levied by the district and any
35 replenishment reserve fee due under section 48-3780.01.

36 E. On or before October 15 of each year, each municipal provider
37 that is a party to a contract to replenish groundwater under section
38 48-3772, subsection B, paragraph 9 shall pay to the district the contract
39 replenishment tax levied by the district pursuant to the contract.

40 F. Annual replenishment taxes and contract replenishment taxes
41 collected by the district shall be deposited, pursuant to sections 35-146
42 and 35-147, in the special fund established pursuant to section 48-3773,
43 subsection A, paragraph 3 and shall be expended by the district only for
44 the purposes authorized by this article.

1 G. If a municipal provider is delinquent for more than ninety days
2 in the payment of its replenishment tax, the district shall promptly
3 notify the director of water resources of the delinquency. Except as
4 provided in subsection H of this section, for any municipal provider that
5 is delinquent for more than ninety days in the payment of its
6 replenishment tax, the district shall complete the replenishment of the
7 service area replenishment obligation. The district shall complete that
8 obligation within three full calendar years after the year that the
9 district is paid an amount equal to the delinquent replenishment tax, plus
10 interest calculated in accordance with section 48-3782, subsection A, or
11 within ten full calendar years after the year that the district incurs the
12 service area replenishment obligation, whichever is sooner.

13 H. The district is not required to complete the replenishment of
14 the service area obligation of a municipal provider that is delinquent for
15 more than ninety days in the payment of its replenishment tax if both of
16 the following apply:

17 1. The district is not paid an amount equal to the delinquent
18 replenishment tax, plus interest calculated in accordance with section
19 48-3782, subsection A, within ten full calendar years after the year that
20 the district incurs the service area replenishment obligation.

21 2. The municipal provider or its successor has violated section
22 45-492, subsection D or section 45-493, subsection D and the director of
23 water resources has not commenced an enforcement action against the
24 municipal provider or its successor for the violation within ten full
25 calendar years after the year that the district incurs the service area
26 replenishment obligation.