

REFERENCE TITLE: rural water sustainability fund; appropriation

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

HB 2776

Introduced by
Representative Mathis

AN ACT

AMENDING TITLE 45, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 45-119; APPROPRIATING MONIES; RELATING TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 45, chapter 1, article 1, Arizona Revised
3 Statutes, is amended by adding section 45-119, to read:

4 45-119. Rural watershed sustainability initiative fund;
5 grants; rules; report

6 A. THE RURAL WATERSHED SUSTAINABILITY INITIATIVE FUND IS
7 ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS. THE DEPARTMENT SHALL
8 ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE
9 APPROPRIATION.

10 B. THE DIRECTOR MAY ACCEPT AND SPEND FEDERAL MONIES AND PRIVATE
11 GRANTS, GIFTS, CONTRIBUTIONS AND DEVICES TO ASSIST IN CARRYING OUT THE
12 PURPOSES OF THIS SECTION.

13 C. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION
14 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

15 D. EACH YEAR THE DEPARTMENT MAY USE UP TO FIFTEEN PERCENT OF THE
16 MONIES IN THE FUND TO ADMINISTER THE FUND. SUBJECT TO THE FIFTEEN PERCENT
17 CAP, THE DEPARTMENT MAY HIRE ADDITIONAL STAFF AS NEEDED TO FULFILL THE
18 PURPOSES OF THIS SECTION.

19 E. THE DEPARTMENT SHALL PROVIDE GRANTS TO LOCAL WATERSHED GROUPS IN
20 RURAL AREAS TO FUND THE ADMINISTRATIVE AND OPERATIONAL NEEDS OF LOCAL
21 WATERSHED GROUPS. FOR THE PURPOSES OF THIS SUBSECTION, "ADMINISTRATIVE
22 AND OPERATIONAL NEEDS" INCLUDES ALL OF THE FOLLOWING:

- 23 1. STAFF TRAINING.
- 24 2. BUDGETING SOFTWARE.
- 25 3. TECHNOLOGY.
- 26 4. STAFF SALARIES.
- 27 5. GRANT APPLICATION FEES.
- 28 6. CONTRACTING FEES FOR GRANT WRITERS AND HOSTING EDUCATION EVENTS.
- 29 7. OTHER ADMINISTRATIVE AND OPERATIONAL NEEDS AS DETERMINED BY THE

30 DEPARTMENT.

31 F. ANY WATERSHED GROUPS THAT EXIST ON THE EFFECTIVE DATE OF THIS
32 SECTION ARE ELIGIBLE TO APPLY FOR PROJECT FUNDING FROM THE FUND. THE
33 DEPARTMENT SHALL GIVE PREFERENCE TO APPLICANTS THAT:

- 34 1. HAVE CLEARLY DEFINED GOALS AND OBJECTIVES THAT WILL DIRECTLY
35 IMPROVE WATER CONSERVATION AND WATERSHED HEALTH.
- 36 2. ARE LOCATED IN HIGH RISK OR CRITICALLY DEPLETED GROUNDWATER
37 BASINS.

38 G. THE DEPARTMENT SHALL ADOPT RULES TO IMPLEMENT THIS SECTION.
39 RULES ADOPTED PURSUANT TO THIS SECTION SHALL INCLUDE:

- 40 1. APPLICATION CRITERIA.
- 41 2. GRANT APPLICATION AMOUNTS.
- 42 3. DISBURSEMENT PROCEDURES.
- 43 4. REPORTING REQUIREMENTS.

1 H. ON OR BEFORE DECEMBER 1, 2026 AND EACH YEAR THEREAFTER, THE
2 DEPARTMENT SHALL SUBMIT A REPORT OF THE FUND AND THE ACTIVITIES CONDUCTED
3 IN THE PREVIOUS FISCAL YEAR TO THE GOVERNOR, THE PRESIDENT OF THE SENATE
4 AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A COPY
5 OF THIS REPORT TO THE SECRETARY OF STATE. THE DEPARTMENT SHALL POST THE
6 REPORT ON THE DEPARTMENT'S WEBSITE.

7 Sec. 2. Appropriation; rural watershed sustainability
8 initiative fund; exemption

9 A. The sum of \$500,000 is appropriated from the state general fund
10 in fiscal year 2025-2026 to the rural watershed sustainability initiative
11 fund established by section 45-119, Arizona Revised Statutes, as added by
12 this act and is appropriated from the rural watershed sustainability
13 initiative fund to the department of water resources.

14 B. The appropriation made in subsection A of this section is exempt
15 from the provisions of section 35-190, Arizona Revised Statutes, relating
16 to lapsing of appropriations.

17 Sec. 3. Legislative findings

18 The legislature finds that a lack of funding for local rural
19 watershed groups is a significant barrier for local watershed groups to
20 conduct work that promotes water conservation, increases resiliency
21 against the adverse impacts of drought and protects the limited water
22 supplies of this state.