

House Engrossed

environment; 2025-2026

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

HOUSE BILL 2952

AN ACT

AMENDING TITLE 3, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 3-109.04; REPEALING SECTION 3-109.04, ARIZONA REVISED STATUTES; AMENDING SECTIONS 37-132, 45-611 AND 45-615.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2019, CHAPTER 1, SECTION 8; REPEALING LAWS 2023, CHAPTER 138, SECTION 2; AMENDING LAWS 2023, CHAPTER 138, SECTION 3, AS AMENDED BY LAWS 2024, CHAPTER 214, SECTION 5; AMENDING LAWS 2025, CHAPTER 56, SECTIONS 1 AND 2; APPROPRIATING MONIES; RELATING TO THE ENVIRONMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 3, chapter 1, article 1, Arizona Revised Statutes,
3 is amended by adding section 3-109.04, to read:

4 3-109.04. Agriculture and water innovation fund pilot
5 program; fund; grants; requirements; annual
6 report; definitions

7 A. THE AGRICULTURE AND WATER INNOVATION FUND PILOT PROGRAM IS
8 ESTABLISHED TO PROVIDE GRANTS AND COLLECT DATA FOR WATER-FOCUSED
9 INNOVATION IN AGRICULTURE. THE DEPARTMENT SHALL ADMINISTER THE PILOT
10 PROGRAM.

11 B. THE AGRICULTURE AND WATER INNOVATION FUND IS ESTABLISHED
12 CONSISTING OF LEGISLATIVE APPROPRIATIONS, GRANTS FROM FEDERAL AGENCIES AND
13 MONIES APPROPRIATED BY ANY OTHER LAWFUL SOURCE. MONIES IN THE FUND ARE
14 CONTINUOUSLY APPROPRIATED AND EXEMPT FROM THE PROVISIONS OF SECTION 35-190
15 RELATING TO LAPSLING OF APPROPRIATIONS. THE DEPARTMENT SHALL ADMINISTER
16 THE FUND AND MAY USE NOT MORE THAN THREE PERCENT OF THE MONIES IN THE FUND
17 ANNUALLY FOR THE COSTS OF ADMINISTERING THE FUND AND THE AGRICULTURE AND
18 WATER INNOVATION FUND PILOT PROGRAM.

19 C. THE DEPARTMENT MAY GRANT MONIES FROM THE FUND TO QUALIFIED
20 APPLICANTS TO ACQUIRE OR CONTRACT FOR IMPLEMENTING INNOVATIVE TECHNOLOGY
21 THAT IMPROVES WATER USE EFFICIENCY BY IMPROVING SOIL HEALTH SUBJECT TO THE
22 FOLLOWING CONDITIONS:

23 1. THE GRANT MAY NOT EXCEED \$2,000,000 FOR A SINGLE QUALIFIED
24 APPLICANT OR FOR QUALIFIED APPLICANTS FROM THE SAME FARM UNIT OR
25 \$5,000,000 IF THE QUALIFIED APPLICANT IS AN IRRIGATION DISTRICT THAT WILL
26 IMPLEMENT INNOVATIVE TECHNOLOGY PURSUANT TO THE PILOT PROGRAM ON THREE OR
27 MORE FARM UNITS WITHIN THE IRRIGATION DISTRICT.

28 2. THE INNOVATIVE TECHNOLOGY IS CURRENTLY IMPLEMENTED THROUGHOUT
29 THIS STATE AND HAS DEMONSTRATED CONSISTENT IMPROVEMENT IN INDICATORS OF
30 WATER USE EFFICIENCY ON FIELDS IMPLEMENTING THE TECHNOLOGY. FOR THE
31 PURPOSES OF THIS PARAGRAPH, A DEMONSTRATION OF INCREASED WATER USE
32 EFFICIENCY MAY INCLUDE THIRD-PARTY VALIDATED COMMERCIAL IMPLEMENTATION OF
33 THE INNOVATIVE TECHNOLOGY AND DOES NOT REQUIRE ACADEMIC ANALYSIS.

34 3. THE INCREASE IN WATER USE EFFICIENCY PROPOSED IS A FUNCTION OF
35 IMPROVED SOIL HEALTH DUE TO IMPLEMENTING THE INNOVATIVE TECHNOLOGY.

36 4. THE QUALIFIED APPLICANT PROVIDES A RECORD OF ACTIVE FARMING OR
37 INTENTIONAL WATER CONSERVATION FOR THREE OF THE PREVIOUS FIVE YEARS FOR
38 THE PROPOSED ACREAGE AT THE TIME OF THE APPLICATION.

39 5. THE PROPOSED ACREAGE PROPOSED TO RECEIVE THE INNOVATIVE
40 TECHNOLOGY IS LOCATED COMPLETELY WITHIN THIS STATE.

41 D. IN ASSESSING AN APPLICATION, THE DEPARTMENT MAY GIVE PREFERENCE
42 TO IMPLEMENTING AN INNOVATIVE TECHNOLOGY THAT THE DEPARTMENT DETERMINES:

43 1. INCREASES AGRICULTURAL YIELDS ON FIELDS THAT INCREASE WATER USE
44 EFFICIENCY.

1 2. IMPROVES WATER USE EFFICIENCY ON HIGH-WATER-DEMAND CROPS OR
2 HIGH-VALUE CROPS.

3 3. MAXIMIZES BENEFITS TO SOIL HEALTH, INCLUDING REDUCED NEED FOR
4 COVER CROPPING, REDUCTION IN SOIL SALINITY AND IMPROVED DISEASE
5 RESILIENCE.

6 4. PROVIDES OPPORTUNITIES FOR DATA COLLECTION AND PUBLIC
7 DEMONSTRATION OF THE TECHNOLOGY FOR DIVERSE HIGH AGRICULTURAL WATER USE
8 REGIONS IN THIS STATE.

9 E. RECIPIENTS OF GRANT MONIES MAY NOT RECEIVE A STATE TAX CREDIT
10 FOR THE PORTION OF AN INNOVATIVE TECHNOLOGY THAT IS PURCHASED WITH GRANT
11 MONIES.

12 F. THE DIRECTOR MAY PREPAY THE GRANTEE FOR IMPLEMENTING THE
13 INNOVATIVE TECHNOLOGY IF THE CONTRACTED-FOR INNOVATIVE TECHNOLOGY SERVICE
14 PROVIDER AGREES IN THE CONTRACT TO PROVIDE RE COURSE TO THIS STATE IN THE
15 EVENT OF NONPERFORMANCE.

16 G. AS A CONDITION OF THE GRANT, THE DEPARTMENT SHALL REQUIRE THE
17 QUALIFIED APPLICANT TO:

18 1. CERTIFY THE INSTALLATION OF THE NEW INNOVATIVE TECHNOLOGY.
19 2. AGREE TO USE THE NEW INNOVATIVE TECHNOLOGY FOR NOT LESS THAN
20 THREE YEARS.

21 3. REPORT ON THE INDIVIDUAL FIELDS THAT RECEIVE THE BENEFIT OF THE
22 GRANT MONIES TO DEMONSTRATE INCREASED WATER USE EFFICIENCY ON THE AFFECTED
23 FIELDS.

24 H. FOR A QUALIFIED APPLICANT THAT USES MAINSTREAM COLORADO RIVER
25 WATER OR WATER DELIVERED THROUGH THE CENTRAL ARIZONA PROJECT FOR
26 AGRICULTURAL IRRIGATION THAT IS IMPACTED BY THIS PROGRAM, WATER SAVINGS
27 MAY BE USED TO FARM FALLOWED IRRIGATED ACREAGE OR BE DEDICATED TO SYSTEM
28 CONSERVATION AS APPROVED BY THE DIRECTOR OF THE DEPARTMENT OF WATER
29 RESOURCES.

30 I. ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE DEPARTMENT SHALL
31 SUBMIT A WRITTEN REPORT TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF
32 THE HOUSE OF REPRESENTATIVES DESCRIBING THE ACTIVITIES OF THE DEPARTMENT
33 FOR THE PRECEDING FISCAL YEAR RELATED TO THE AGRICULTURE AND WATER
34 INNOVATION FUND AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF
35 STATE. THE REPORT SHALL INCLUDE AN ACCOUNTING OF EXPENDITURES FROM THE
36 FUND AND HOW THE MONIES WERE USED TO IMPROVE WATER EFFICIENCY AND SOIL
37 HEALTH. THE REPORT SHALL IDENTIFY AT LEAST THE FOLLOWING:

38 1. THE SPECIFIC FIELDS WHERE IMPLEMENTATION OF THE INNOVATIVE
39 TECHNOLOGY OCCURRED.

40 2. THE LEGAL CHARACTER OF THE WATER USED ON THOSE FIELDS.

41 3. THE SOIL TYPE AND TYPES OF CROPS PRODUCED.

42 4. THE IMPROVEMENT IN WATER USE EFFICIENCY RESULTING FROM
43 IMPLEMENTING THE INNOVATIVE SOIL HEALTH TECHNOLOGY AND, IF KNOWN, THE
44 AMOUNT OF WATER CONSERVED.

1 5. COBENEFITS ARISING FROM IMPLEMENTING THE INNOVATIVE SOIL HEALTH
2 TECHNOLOGY, INCLUDING YIELD INCREASES, CROP QUALITY IMPROVEMENTS AND
3 NUTRIENT USE EFFICIENCIES.

4 6. ANY OTHER RELEVANT DATA TO BETTER INFORM FUTURE DECISIONS ON
5 STRATEGICALLY IMPLEMENTING AGRICULTURE AND WATER INNOVATION TECHNOLOGIES
6 OR PROGRAMS TO USE AGRICULTURAL WATER MORE EFFICIENTLY IN THIS STATE.

7 J. FOR THE PURPOSES OF THIS SECTION:

8 1. "FARM UNIT" MEANS ONE OR MORE FARMS THAT ARE IRRIGATED WITH
9 GROUNDWATER, SURFACE WATER, MAINSTREAM COLORADO RIVER WATER OR WATER
10 DELIVERED THROUGH THE CENTRAL ARIZONA PROJECT AND THAT ARE CONTIGUOUS OR
11 IN PROXIMITY TO EACH OTHER WITH SIMILAR SOIL CONDITIONS.

12 2. "INNOVATIVE TECHNOLOGY" MEANS PRODUCTS OR SERVICES THAT IMPROVE
13 WATER USE EFFICIENCY BY IMPROVING SOIL HEALTH IN AGRICULTURE WITHOUT
14 REQUIRING NONNATIVE SOIL AMENDMENTS OR IMPROVEMENTS TO IRRIGATION
15 INFRASTRUCTURE.

16 3. "QUALIFIED APPLICANT" MEANS EITHER OF THE FOLLOWING:

17 (a) AN AGRICULTURAL LANDOWNER, BENEFICIAL OWNER OF TRUST LAND OR
18 LESSEE OF AGRICULTURAL LAND THAT HAS ACTIVELY FARMED THE LAND OR COMMITTED
19 THE LAND TO INTENTIONAL WATER CONSERVATION IN THREE OF THE FIVE CALENDAR
20 YEARS IMMEDIATELY PRECEDING THE DATE OF THE APPLICATION.

21 (b) AN IRRIGATION DISTRICT ESTABLISHED PURSUANT TO TITLE 48,
22 CHAPTER 19 THAT APPLIES FOR THE BENEFIT OF MEMBERS OF THE IRRIGATION
23 DISTRICT.

24 Sec. 2. Delayed repeal

25 Section 3-109.04, Arizona Revised Statutes, as added by this act, is
26 repealed from and after December 31, 2028.

27 Sec. 3. Section 37-132, Arizona Revised Statutes, is amended to
28 read:

29 37-132. Powers and duties

30 A. The commissioner shall:

31 1. Exercise and perform all powers and duties vested in or imposed
32 on the department and prescribe such rules as are necessary to discharge
33 those duties.

34 2. Exercise the powers of surveyor-general except for the powers of
35 the surveyor-general exercised by the treasurer as a member of the
36 selection board pursuant to section 37-202.

37 3. Make long-range plans for the future use of state lands in
38 cooperation with other state agencies, local planning authorities and
39 political subdivisions.

40 4. Promote the infill and orderly development of state lands in
41 areas beneficial to the trust and prevent urban sprawl or leapfrog
42 development on state lands.

43 5. Classify and appraise all state lands, together with the
44 improvements on state lands, for the purpose of sale, lease or grant of
45 rights-of-way. The commissioner may impose such conditions and covenants

1 and make such reservations in the sale of state lands as the commissioner
2 deems to be in the best interest of the state trust. The provisions of
3 this paragraph are subject to hearing procedures pursuant to title 41,
4 chapter 6, article 10 and, except as provided in section 41-1092.08,
5 subsection H, are subject to judicial review pursuant to title 12, chapter
6 7, article 6.

7 6. Have authority to lease for grazing, agricultural, homesite or
8 other purposes, except commercial, all land owned or held in trust by this
9 state.

10 7. Have authority to lease for commercial purposes and sell all
11 land owned or held in trust by this state, but any such lease for a term
12 longer than ten years for commercial purposes or any such sale shall first
13 be approved by the board of appeals.

14 8. Except as otherwise provided, determine all disputes, grievances
15 or other questions pertaining to the administration of state lands.

16 9. Appoint deputies and other assistants and employees necessary to
17 perform the duties of the department and assign their duties subject to
18 title 41, chapter 4, article 4 and require of them such surety bonds as
19 the commissioner deems proper. The compensation of the deputy, assistants
20 or employees shall be as determined pursuant to section 38-611.

21 10. Make a written report to the governor annually, not later than
22 September 1, disclosing in detail the activities of the department for the
23 preceding fiscal year and publish it for distribution. The report shall
24 include an evaluation of auctions of state land leases held during the
25 preceding fiscal year considering the advantages and disadvantages to the
26 state trust of the existence and exercise of preferred rights to lease
27 reclassified state land.

28 11. Withdraw state land from surface or subsurface sales or lease
29 applications if the commissioner deems it to be in the best interest of
30 the trust. This closure of state lands to new applications for sale or
31 lease does not affect the rights that existing lessees have under law for
32 renewal of their leases and reimbursement for improvements.

33 12. CONTRACT WITH QUALIFIED THIRD PARTIES AS SELECTED BY THE
34 COMMISSIONER TO REVIEW ANY APPLICATION SUBMITTED TO THE DEPARTMENT. A
35 QUALIFIED THIRD PARTY THAT REVIEWS AN APPLICATION SHALL DO BOTH OF THE
36 FOLLOWING:

37 (a) REVIEW THE APPLICATION AND PERFORM ALL OTHER RELATED ACTIONS
38 CONSISTENT WITH THE PRESCRIBED REQUIREMENTS APPLICABLE TO THE DEPARTMENT.

39 (b) NOTIFY THE DEPARTMENT AND THE APPLICANT OF THE RESULTS OF THE
40 REVIEW.

41 B. The commissioner may:

42 1. Take evidence relating to, and may require of the various county
43 officers information on, any matter that the commissioner has the power to
44 investigate or determine.

1 2. Under such rules as the commissioner adopts, use private real
2 estate brokers to assist in any sale or long-term lease of state land and
3 pay, from fees collected under section 37-107, subsection B, paragraph 1,
4 a commission to a broker that is licensed pursuant to title 32, chapter 20
5 and that provides the purchaser or lessee at auction. The purchaser or
6 lessee at auction is not eligible to receive a commission pursuant to this
7 subsection. A commission shall not be paid on a sale or a long-term lease
8 if the purchaser or lessee is a political subdivision of this state.

9 3. Require a permittee, lessee or grantee to post a surety bond or
10 any form of collateral deemed sufficient by the commissioner for
11 performance or restoration purposes. The commissioner shall use the
12 proceeds of a bond or collateral only for the purposes determined at the
13 time the bond or collateral is posted. For agricultural lessees, the
14 commissioner may require collateral as follows:

15 (a) As security for payment of the annual assessments levied by the
16 irrigation district in which the state land is located if the lessee has a
17 history of late payments or defaults. The amount of the collateral
18 required may not exceed the annual assessment levied by the irrigation
19 district.

20 (b) As security for payment of rent, if an extension of time for
21 payment is requested or if the lessee has a history of late payments of
22 rent. The collateral shall be submitted at the time any extension of time
23 for payment is requested. The amount of the collateral required may not
24 exceed the annual amount of rent for the land.

25 (c) A surety bond shall be required only if the commissioner
26 determines that other forms of collateral are insufficient.

27 4. Withhold market and economic analyses, preliminary engineering,
28 site and area studies and appraisals that are collected during the urban
29 planning process from public viewing before they are submitted to local
30 planning and zoning authorities.

31 5. Withhold from public inspection proprietary information received
32 during lease negotiations. The proprietary information shall be released
33 to public inspection unless the release may harm the competitive position
34 of the applicant and the information could not have been obtained by other
35 legitimate means.

36 6. Issue permits for short-term use of state land for specific
37 purposes as prescribed by rule.

38 7. Contract with a third party to sell recreational permits. A
39 third party under contract pursuant to this paragraph may assess a
40 surcharge for its services as provided in the contract, in addition to the
41 fees prescribed pursuant to section 37-107.

42 8. Close urban lands to specific uses as prescribed by rule if
43 necessary for dust abatement, to reduce a risk from hazardous
44 environmental conditions that pose a risk to human health or safety or for
45 remediation purposes.

1 9. Notwithstanding subsection A, paragraph 4 of this section,
2 authorize, in the best interest of the trust, the extension of public
3 services and facilities either:

4 (a) That are necessary to implement plans of the local governing
5 body, including plans adopted or amended pursuant to section 9-461.06 or
6 11-805.

7 (b) Across state lands that are either:

8 (i) Classified as suitable for conservation pursuant to section
9 37-312.

10 (ii) Sold or leased at auction for conservation purposes.

11 C. The commissioner or any deputy or employee of the department may
12 not have, own or acquire, directly or indirectly, any state lands or the
13 products on any state lands, any interest in or to such lands or products,
14 or improvements on leased state lands, or be interested in any state
15 irrigation project affecting state lands.

16 Sec. 4. Section 45-611, Arizona Revised Statutes, is amended to
17 read:

18 45-611. Groundwater withdrawal fee: amounts and purposes of
19 fee: exception

20 A. Except as provided in subsection B of this section, the director
21 shall levy and collect an annual groundwater withdrawal fee from each
22 person withdrawing groundwater in the Prescott active management area or
23 the person who owns the right to withdraw the groundwater, in an amount
24 not to exceed \$5 per acre-foot of groundwater withdrawn and beneficially
25 used. The director shall levy and collect an annual withdrawal fee from
26 each person withdrawing water, other than stored water, from a well in the
27 Santa Cruz active management area or the person who owns the right to
28 withdraw the water, in an amount not to exceed \$5 per acre-foot of water,
29 other than stored water, that is withdrawn and beneficially used. For the
30 purposes of this article, the annual withdrawal fee levied and collected
31 in the Santa Cruz active management area shall be considered a groundwater
32 withdrawal fee. The actual amount of the fee levied and collected by the
33 director pursuant to this subsection shall be set by the director as
34 follows:

35 1. For administration and enforcement of this chapter, an amount
36 not less than \$.50 and not greater than \$1 per acre-foot per year. The
37 initial fee for administration and enforcement shall be levied as soon as
38 practicable after the active management area is established.

39 2. For augmentation of the water supply of the active management
40 area, conservation assistance to water users within the active management
41 area and monitoring and assessing water availability within the active
42 management area, an amount not greater than \$2 per acre-foot per year.

43 3. For purchasing and retiring grandfathered rights, an amount not
44 greater than \$2 per acre-foot per year. The initial fee for purchasing
45 and retiring grandfathered rights shall be levied in the first year in

1 which the director develops and implements a program for the purchase and
2 retirement of grandfathered rights as part of the management plan for the
3 active management area, but not earlier than January 1, 2006. The
4 director may not levy a fee under this paragraph on a district member of a
5 groundwater replenishment district that withdraws groundwater in the
6 district for a non-irrigation use in the district.

7 B. A person, other than an irrigation district, who withdraws
8 groundwater in an active management area from a non-exempt well for use
9 pursuant to an irrigation grandfathered right that is appurtenant to ten
10 or fewer irrigation acres and the person who owns the right to withdraw
11 the groundwater are exempt from the groundwater withdrawal fee
12 requirements of subsections A and C of this section for those withdrawals
13 unless the irrigation acres are part of an integrated farming operation.

14 C. Except as provided in section 45-411.01, subsection C and
15 subsection B of this section, the director shall levy and collect an
16 annual groundwater withdrawal fee from each person who withdraws
17 groundwater in the Tucson, Phoenix and Pinal active management areas or
18 the person who owns the right to withdraw the groundwater, in an amount of
19 not more than \$5 per acre-foot of groundwater withdrawn and beneficially
20 used. The director shall set the actual amount of the fee as follows:

21 1. In the Tucson and Phoenix active management areas, beginning in
22 2017, for administration and enforcement of this chapter, an amount of at
23 least \$.50 but not more than \$1 per acre-foot per year. In the Pinal
24 active management area, beginning in 2017, for administration and
25 enforcement of this chapter, an amount of not more than \$1 per acre-foot
26 per year.

27 2. For augmentation of the water supply of the active management
28 area, conservation assistance to water users within the active management
29 area and monitoring and assessing water availability within the active
30 management area, an amount of not more than \$2 per acre-foot per year. If
31 a permanent board of directors of an active management area water district
32 assumes office under section 48-4831, the fee for augmentation under this
33 paragraph shall not be levied in that active management area.

34 3. In the Tucson and Phoenix active management areas, for Arizona
35 water banking purposes, the amount of \$2.50 per acre-foot per year. In
36 the Pinal active management area, for Arizona water banking purposes,
37 including replenishment under chapter 15, article 3 of this title, **THE**
DIRECTOR SHALL SET THE FEE IN an amount of not more than \$2.50 per
38 acre-foot per year, except that no fee shall be levied in the Pinal active
39 management area for this purpose during calendar years 2020 through **2026**
40 **2027**.

41 4. For purchasing and retiring grandfathered rights, an amount of
42 not more than \$2 per acre-foot per year. The initial fee for purchasing
43 and retiring grandfathered rights shall be levied in the first year in
44 which the director develops and implements a program for the purchase and

1 retirement of grandfathered rights as part of the management plan for the
2 active management area, but not earlier than January 1, 2006. The
3 director may not levy a fee pursuant to this paragraph on a district
4 member of a groundwater replenishment district that withdraws groundwater
5 in the district for non-irrigation use in the district.

6 5. In the Pinal active management area, beginning from and after
7 December 31, 2019 through December 31, ~~2026~~ 2027, an amount of not more
8 than \$2.50 per acre-foot per year for groundwater and irrigation
9 efficiency projects.

10 Sec. 5. Section 45-615.01, Arizona Revised Statutes, is amended to
11 read:

12 **45-615.01. Temporary groundwater and irrigation efficiency**
13 **projects fund; purpose; report; definition**

14 A. The temporary groundwater and irrigation efficiency projects
15 fund is established for the purpose of funding projects for the
16 construction and rehabilitation of wells and related infrastructure for
17 the withdrawal and efficient delivery of groundwater by qualified
18 irrigation districts in the Phoenix active management area, the Pinal
19 active management area and the Harquahala irrigation non-expansion area.
20 The fund consists of legislative appropriations, groundwater withdrawal
21 fees collected in the Pinal active management area pursuant to section
22 45-611, subsection C, paragraph 5, grants from federal agencies and monies
23 deposited in the fund by qualified irrigation districts in the Phoenix
24 active management area, the Pinal active management area and the
25 Harquahala irrigation non-expansion area. Groundwater withdrawal fees
26 deposited in the fund shall be accounted for separately from other monies
27 in the fund and shall be used only for constructing and rehabilitating
28 wells and related infrastructure in the Pinal active management area.
29 Monies in the fund are continuously appropriated for the purposes of this
30 section.

31 B. The director may accept and deposit into the fund monies,
32 grants, gifts, contributions and devises to assist in carrying out the
33 purposes of this section.

34 C. The director shall administer the fund. On notice from the
35 director, the state treasurer shall invest and divest monies in the fund
36 as provided by section 35-313, and monies earned from investment shall be
37 credited to the fund.

38 D. The director may grant monies from the fund to qualified
39 irrigation districts established pursuant to title 48, chapter 19 in the
40 Phoenix active management area, the Pinal active management area and the
41 Harquahala irrigation non-expansion area for the purposes described in
42 subsection A of this section. In granting monies from the fund, the
43 director may give preference to wells and related infrastructure that
44 would be used to recover stored water. Grants made to qualified
45 irrigation districts are exempt from title 41, chapter 24.

1 E. Before December 31 of each year, the director shall submit to
2 the speaker of the house of representatives and the president of the
3 senate a written report describing the activities of the department for
4 the preceding fiscal year related to expenditures from the fund. The
5 report shall include an accounting for expenditures from the fund and how
6 the monies were used to finance projects for the construction and
7 rehabilitation of wells and related infrastructure for the withdrawal and
8 efficient delivery of groundwater by qualified irrigation districts in the
9 Phoenix active management area, the Pinal active management area and the
10 Harquahala irrigation non-expansion area.

11 F. Except as provided in subsection G of this section, monies in
12 the fund are exempt from the provisions of section 35-190 relating to
13 lapsing of appropriations.

14 G. On June 30, ~~2027~~ 2029, any unencumbered monies in the fund shall
15 be proportionally distributed to the fund's contributors by December 31,
16 ~~2027~~ 2029 according to the total amount of monies deposited in the fund by
17 each contributor. The proportion of the unencumbered monies attributable
18 to groundwater withdrawal fees levied under section 45-611, subsection C,
19 paragraph 5 shall be deposited in the Arizona water banking fund
20 established by section 45-2425 and shall be used only in the Pinal active
21 management area in the same manner as groundwater withdrawal fees
22 collected in the Pinal active management area pursuant to section 45-611,
23 subsection C, paragraph 3.

24 H. All monies deposited in the temporary groundwater and irrigation
25 efficiency projects fund shall be held in trust. The monies in the fund
26 may be used only for the purposes prescribed in this section and may not
27 be appropriated or transferred by the legislature to fund the general
28 operations of this state or to otherwise meet the obligations of the state
29 general fund. This subsection does not apply to any taxes or other levies
30 that are imposed pursuant to title 42 or 43.

31 I. For the purposes of this section, "qualified irrigation
32 district" means an irrigation district that meets all of the following
33 requirements:

34 1. The irrigation district received central Arizona project water
35 in any year after calendar year 2014 other than through a groundwater
36 savings facility permit issued under chapter 3.1 of this title.

37 2. There are at least nine thousand acres that may be lawfully
38 irrigated within the boundaries of the irrigation district.

39 3. For an irrigation district located in the Phoenix active
40 management area only, the district did not deliver surface water other
41 than central Arizona project water in calendar year 2017.

42 4. The irrigation district submitted an application to the
43 department for monies from the fund established by this section to
44 construct an irrigation efficiency project in the Phoenix active

1 management area, the Pinal active management area or the Harquahala
2 irrigation non-expansion area.

3 Sec. 6. Laws 2019, chapter 1, section 8 is amended to read:

4 Sec. 8. Delayed repeal

5 Section 45-615.01, Arizona Revised Statutes, as ~~added~~ AMENDED by
6 this act, is repealed from and after March 31, ~~2028~~ 2030.

7 Sec. 7. Repeal

8 Laws 2023, chapter 138, section 2 is repealed.

9 Sec. 8. Laws 2023, chapter 138, section 3, as amended by Laws 2024,
10 chapter 214, section 5, is amended to read:

11 Sec. 3. Fire incident management fund; exemption; delayed
12 repeal; transfer of monies

13 A. The fire incident management fund is established consisting of
14 legislative appropriations. The department of administration shall
15 administer the fund. Not more than \$200,000 of monies appropriated to the
16 fund may be used by the department of administration to administer the
17 fund. Monies in the fund are continuously appropriated and are exempt
18 from the provisions of section 35-190, Arizona Revised Statutes, relating
19 to lapsing of appropriations. The department of administration shall
20 distribute monies from the fund to provide grants to municipal fire
21 departments and fire districts for hardware and software that:

22 1. Enables the statewide deployment of a secure incident management
23 platform to fire and law enforcement agencies.

24 2. Provides a standardized incident command and management platform
25 based on federal emergency management agency standards that enable diverse
26 incident management and support entities to work together and ensure the
27 following:

28 (a) A clearly defined chain of command.
29 (b) The use of common terminology.
30 (c) The safety of first responders and others.
31 (d) The achievement of response objectives.
32 (e) The efficient use of resources.

33 3. Provides a collaboration and communications solution that does
34 the following:

35 (a) Identifies the location, status and assignment of assigned
36 resources.
37 (b) Allows status updates, tracking and management of an incident.
38 (c) Allows secure messaging and file sharing to all users involved
39 in an incident.
40 (d) Allows the sharing of collaborative maps, building floor plans
41 and images between public safety agencies.
42 (e) Allows collaboration and information sharing between disparate
43 agencies during a mass casualty incident.

(f) Defines a federal emergency management agency or national incident management systems-based organizational structure for the management of incidents.

(g) Provides the ability to print standard integrated computer solutions forms for tracking and cost reimbursement.

(h) Provides enhanced telemetry-based firefighter safety monitoring.

(i) Works in areas without internet access in a disconnected mode.

(j) Provides a seamless and connected platform for notification, response and rostering.

(k) Provides cross-platform functionality.

(1) Provides a smartphone-based application for notification, accountability and situational awareness.

B. Each municipal fire department or fire district in this state may submit a grant request to the department of administration for the costs of the secure incident management system that meets all of the criteria described in subsection A of this section.

C. The department of administration shall award grants on a first-come, first-served basis. Grants that are awarded shall fully fund the costs of the secure incident management system for each municipal fire department or fire district for three years.

D. From and after June 30, ~~2025~~ 2027, this section is repealed and all unexpended and unencumbered monies in the fire incident management fund established by this section revert to the state general fund.

Sec. 9. Laws 2025, chapter 56, section 1 is amended to read:

Section 1. Appropriations: nuclear emergency management fund

Pursuant to sections 26-306.01 and 26-306.02, Arizona Revised Statutes, the sum of ~~\$2,617,991~~ \$2,667,991 in fiscal year 2025-2026 and the sum of ~~\$2,711,339~~ \$2,761,339 in fiscal year 2026-2027 are appropriated from the nuclear emergency management fund established by section 26-306.02, Arizona Revised Statutes, as follows:

1. For use by the division of emergency management of the department of emergency and military affairs as provided in section 26-306.02, Arizona Revised Statutes, the sum of \$1,266,916 and 8 full time equivalent positions in fiscal year 2025-2026 and the sum of \$1,311,566 and 8 full time equivalent positions in fiscal year 2026 2027.

2. For use by the Arizona department of agriculture for programs relating to off-site nuclear emergency response plans, the sum of \$347,109 and 2.44 full-time equivalent positions in fiscal year 2025-2026 and the sum of \$352,877 and 2.44 full-time equivalent positions in fiscal year 2026-2027.

3. For disbursement by the division of emergency management of the department of emergency and military affairs to departments and agencies of Maricopa county that are assigned responsibilities under the off-site

1 nuclear emergency response plan, the sum of \$953,966 in fiscal year
2 2025-2026 and the sum of \$996,896 in fiscal year 2026-2027.

3 4. For disbursement by the division of emergency management of the
4 department of emergency and military affairs to departments and agencies
5 of the city of Buckeye that are assigned responsibilities under the
6 off-site nuclear emergency response plan, the sum of \$100,000 in fiscal
7 year 2025-2026 and the sum of \$100,000 in fiscal year 2026-2027.

8 Sec. 10. Laws 2025, chapter 56, section 2 is amended to read:

9 Sec. 2. Assessments

10 Pursuant to section 26-306.01, Arizona Revised Statutes, the sum of
11 ~~\$2,617,991~~ \$2,667,991 in fiscal year 2025-2026 and the sum of ~~\$2,711,339~~
12 \$2,761,339 in fiscal year 2026-2027, plus any applicable interest, are
13 assessed against each consortium of public service corporations and
14 municipal corporations engaged in constructing or operating a commercial
15 nuclear generating station in this state.

16 Sec. 11. Arizona water protection fund; use of monies

17 Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal
18 year 2025-2026, the Arizona water protection fund commission may grant to
19 the department of water resources up to \$336,000 of the unobligated
20 balance in the Arizona water protection fund established by section
21 45-2111, Arizona Revised Statutes, to pay for administrative costs of the
22 department in fiscal year 2025-2026.

23 Sec. 12. Underground storage tank revolving fund; use of
24 monies

25 Notwithstanding any other law, in fiscal year 2025-2026, the
26 department of environmental quality may use up to \$6,531,000 from the
27 underground storage tank revolving fund established by section 49-1015,
28 Arizona Revised Statutes, in fiscal year 2025-2026 for:

29 1. Administrative costs of the department.

30 2. Remediating sewage discharge issues in Naco, Arizona and other
31 border areas of this state.

32 Sec. 13. Arizona water banking fund; use of monies

33 In addition to the purposes provided in section 45-2425, Arizona
34 Revised Statutes, monies appropriated to the Arizona navigable stream
35 adjudication commission from the Arizona water banking fund established by
36 section 45-2425, Arizona Revised Statutes, may be used in fiscal year
37 2025-2026 to pay legal fees.

38 Sec. 14. Appropriation limit; water quality assurance
39 revolving fund

40 Notwithstanding section 49-282, Arizona Revised Statutes, the
41 appropriation from the state general fund to the water quality assurance
42 revolving fund established by section 49-282, Arizona Revised Statutes,
43 for fiscal year 2025-2026 may not exceed \$15,000,000.

1 Sec. 15. Department of environmental quality: vehicle
2 emissions testing fees; exemption from rulemaking

3 A. Notwithstanding any other law, in fiscal year 2025-2026, the
4 director of the department of environmental quality shall reduce fees for
5 tests conducted in area A so that vehicle emissions testing fee revenues
6 collected from area A are reduced by five percent of fiscal year 2023-2024
7 area A collections. For the purposes of this subsection, "area A" has the
8 same meaning prescribed in section 49-541, Arizona Revised Statutes.

9 B. The department of environmental quality is exempt from the
10 rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes,
11 until July 1, 2026 for the purpose of establishing fees pursuant to this
12 section.

13 Sec. 16. Agricultural fees; emergency rulemaking

14 A. For fiscal year 2025-2026, notwithstanding any other law, the
15 director of the Arizona department of agriculture, subject to the review
16 of the department of agriculture advisory council, may lower existing fees
17 for any funds held in trust by the department.

18 B. The Arizona department of agriculture shall adopt emergency
19 rules pursuant to title 41, chapter 6, Arizona Revised Statutes, through
20 July 1, 2026, in conjunction with the industry, to modify fees deposited
21 in the dangerous plants, pests and diseases trust fund established by
22 section 3-214.01, Arizona Revised Statutes. These rules must be reviewed
23 by the department of agriculture advisory council.

24 Sec. 17. State land department; auction for state lands

25 A. On or before October 1, 2025, the Arizona state parks board
26 shall apply to the state land department to purchase state lands for the
27 Arizona veterans memorial state park pursuant to section 41-511.25,
28 Arizona Revised Statutes.

29 B. On the state land commissioner's receipt of a valid application
30 to purchase state lands from the Arizona state parks board pursuant to
31 section 41-511.25, Arizona Revised Statutes, the commissioner shall
32 schedule and hold an auction for such state lands pursuant to title 37,
33 chapter 2, article 3, Arizona Revised Statutes.