

REFERENCE TITLE: basin-fill aquifers; groundwater; correlative rights

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

HB 2415

Introduced by
Representative Kolodin

AN ACT

AMENDING SECTION 45-454, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6.1; RELATING TO THE GROUNDWATER CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 45-454, Arizona Revised Statutes, is amended to read:

45-454. Exemption of small non-irrigation wells; definitions

A. Withdrawals of groundwater for non-irrigation uses from wells having a pump with a maximum capacity of not more than thirty-five gallons per minute ~~which~~ THAT were drilled before April 28, 1983 or ~~which~~ THAT were drilled after April 28, 1983 pursuant to a notice of intention to drill ~~which~~ THAT was on file with the department on such date are exempt from this chapter, except that:

1. Wells drilled before June 12, 1980 ~~which~~ THAT are not abandoned or capped or wells ~~which~~ THAT were not completed on June 12, 1980 but for which a notice of intention to drill was on file with the Arizona water commission on such date are subject to subsections J, K and L of this section and must be registered pursuant to section 45-593. If two or more wells in an active management area are exempt under this paragraph and are used to serve the same non-irrigation use at the same location, the aggregate quantity of groundwater withdrawn from the wells shall not exceed fifty-six acre-feet per year.

2. Wells drilled between June 12, 1980 and April 28, 1983, except as provided in paragraph 1 of this subsection, and wells drilled after April 28, 1983 pursuant to a notice of intention to drill ~~which~~ THAT was on file with the department on April 28, 1983, ~~are~~ are subject to subsections G, I, J and K of this section.

3. WELLS IN A BASIN OR SUBBASIN WITH CORRELATIVE RIGHTS ARE SUBJECT TO THE BENEFIT USE REQUIREMENTS PRESCRIBED IN ARTICLE 6.1 OF THIS CHAPTER.

B. Withdrawals of groundwater for non-irrigation uses from wells having a pump with a maximum capacity of not more than thirty-five gallons per minute drilled on or after April 28, 1983, except wells drilled after April 28, 1983 pursuant to a notice of intention to drill ~~which~~ THAT was on file with the department on such date, are exempt from this chapter, except that:

1. Such wells are subject to subsections G through K of this section.

2. In an active management area, other than a subsequent active management area designated for a portion of a groundwater basin in the regional aquifer systems of northern Arizona, withdrawals of groundwater from such wells for non-irrigation uses other than domestic purposes and stock watering shall not exceed ten acre-feet per year.

3. In a subsequent active management area that is designated for a portion of a groundwater basin in the regional aquifer systems of northern Arizona, groundwater withdrawn from such wells may be used only for domestic purposes and stock watering.

C. On or after January 1, 2006, an exempt well otherwise allowed by this section may not be drilled on land if any part of the land is within

one hundred feet of the operating water distribution system of a municipal provider with an assured water supply designation within the boundaries of an active management area established on or before July 1, 1994, as shown on a digitized service area map provided to the director by the municipal provider and updated by the municipal provider as specified by the director.

D. On request from the owner of the land on which an exempt well is prohibited pursuant to subsection C of this section on a form prescribed by the director, the director shall issue an exemption from subsection C of this section if the landowner demonstrates to the satisfaction of the director that any of the following applies:

1. The landowner submitted a written request for service to the municipal provider that operates the distribution system and the municipal provider did not provide written verification to the landowner within thirty calendar days after ~~receipt of~~ RECEIVING the request that water service is available to the landowner after payment of any applicable fee to the municipal provider.

2. The total capital cost and fees for connecting to the operating water distribution system exceed the total capital cost and fees for drilling and fully equipping an exempt well.

3. If the applicant must obtain an easement across other land to connect to the water distribution system of the municipal provider, the applicant sent the owner of the land a request for the easement by certified mail, return receipt requested, and either the applicant did not receive a response to the request within thirty calendar days of mailing the request or the request was denied.

4. The landowner does not qualify for an exemption pursuant to paragraph 1, 2 or 3 of this subsection and the landowner provides written verification from the municipal provider that the landowner shall not receive or request water service from the municipal provider while the exempt well is operational. The exemption for that well is revoked if the landowner or any subsequent landowner receives water service from the municipal provider. In determining whether to approve or reject a permit application filed under section 45-599, the director shall not consider any impacts the proposed well may have on an exempt well drilled pursuant to this paragraph.

E. This section does not prohibit a property owner, after January 1, 2006, from drilling a replacement exempt well for a lawful exempt well if the replacement well does not increase the total number of operable exempt wells on the applicant's land.

F. A remediation well drilled for the purpose of remediating groundwater is exempt from this section if it meets one of the following:

1. The remediation well is for an approved department of environmental quality or United States environmental protection agency remediation program.

1 2. A registered geologist certifies that the remediation well is
2 for the purpose of remediation.

3 G. A person shall file a notice of intention to drill with the
4 director pursuant to section 45-596 before drilling an exempt well or
5 causing an exempt well to be drilled.

6 H. The registered well owner shall file a completion report
7 pursuant to section 45-600, subsection B.

8 I. In an active management area only one exempt well may be drilled
9 or used to serve the same non-irrigation use at the same location, except
10 that a person may drill or use a second exempt well to serve the same
11 non-irrigation use at the same location if the director determines that
12 all of the following apply:

13 1. Because of its location, the first exempt well is not capable of
14 consistently producing more than three gallons per minute of groundwater
15 when equipped with a pump with a maximum capacity of thirty-five gallons
16 per minute.

17 2. The second exempt well is located on the same parcel of land as
18 the first exempt well, the parcel of land is at least one acre in size,
19 all groundwater withdrawn from both exempt wells is used on that parcel of
20 land and there are no other exempt wells on that parcel of land.

21 3. Combined withdrawals from both wells do not exceed five
22 acre-feet per year.

23 4. If the second exempt well is drilled after January 1, 2000, the
24 county health authority for the county in which the well is located or any
25 other local health authority that controls the installation of septic
26 tanks or sewer systems in the county has approved the location of the well
27 in writing after physically inspecting the well site.

28 5. Use of two wells for the same non-irrigation use at the same
29 location is not contrary to the health and welfare of the public.

30 J. An exempt well is subject to sections 45-594 and 45-595.

31 K. Groundwater withdrawn from an exempt well may be transported
32 only pursuant to articles 8 and 8.1 of this chapter.

33 L. A person who owns land from which exempt withdrawals were being
34 made as of the date of the designation of the active management area is
35 not eligible for a certificate of grandfathered right for a type 2
36 non-irrigation use for such withdrawals.

37 M. For the purposes of this section:

38 1. "Domestic purposes" means uses related to the supply, service
39 and activities of households and private residences and includes the
40 application of water to less than two acres of land to produce plants or
41 parts of plants for sale or human consumption, or for use as feed for
42 livestock, range livestock or poultry, as such terms are defined in
43 section 3-1201.

44 2. "Municipal provider" means a city, town, private water company
45 or irrigation district that supplies water for non-irrigation use.

1 3. "Stock watering" means the watering of livestock, range
2 livestock or poultry, as such terms are defined in section 3-1201.

3 Sec. 2. Title 45, chapter 2, Arizona Revised Statutes, is amended
4 by adding article 6.1, to read:

5 ARTICLE 6.1. CORRELATIVE RIGHTS TO GROUNDWATER

6 45-501. Correlative rights to groundwater; establishment;
7 eligible basins; legislative intent

8 A. THE DIRECTOR MAY ESTABLISH CORRELATIVE RIGHTS IN A GROUNDWATER
9 BASIN OR SUBBASIN THAT MEET ALL OF THE FOLLOWING CONDITIONS:

10 1. THE GROUNDWATER BASIN OR SUBBASIN IS NOT IN AN INITIAL ACTIVE
11 MANAGEMENT AREA THAT CONTAINS ANY PORTION OF THE CENTRAL ARIZONA PROJECT
12 AQUEDUCT.

13 2. THE GROUNDWATER BASIN OR SUBBASIN IS AN ALLUVIAL-FILL BASIN.
14 FOR THE PURPOSES OF THIS PARAGRAPH, A FRACTURED ROCK AQUIFER OR REGIONAL
15 PLATEAU-BASED AQUIFER IS NOT AN ALLUVIAL-FILL BASIN.

16 B. THE DIRECTOR MAY ESTABLISH CORRELATIVE RIGHTS IN AN ELIGIBLE
17 BASIN OR SUBBASIN ON ENTERING A WRITTEN FINDING THAT ANY OF THE FOLLOWING
18 IS TRUE:

19 1. THE ELIGIBLE BASIN OR SUBBASIN MEETS THE QUALIFICATIONS FOR
20 DESIGNATION AS A SUBSEQUENT ACTIVE MANAGEMENT AREA PURSUANT TO SECTION
21 45-412 OR SUBSEQUENT IRRIGATION NON-EXPANSION AREA PURSUANT TO SECTION
22 45-432 AND THE DIRECTOR DETERMINES THAT PROVIDING AN ALTERNATIVE TOOL FOR
23 MANAGING GROUNDWATER IS REASONABLE AND APPROPRIATE IN THE ELIGIBLE BASIN
24 OR SUBBASIN.

25 2. THE ELIGIBLE BASIN OR SUBBASIN IS AN ACTIVE MANAGEMENT AREA WITH
26 A MANAGEMENT GOAL OF SAFE YIELD BY JANUARY 1, 2025 AND THE DIRECTOR
27 DETERMINES THAT THE MANAGEMENT GOAL HAS NOT BEEN MET OR WILL NOT BE MET
28 BASED ON THE CURRENT RATE OF WITHDRAWAL.

29 3. A PERSON MAY TRANSPORT GROUNDWATER FROM THE BASIN OR SUBBASIN TO
30 ANOTHER BASIN OR SUBBASIN PURSUANT TO ARTICLE 8.1 OF THIS CHAPTER.

31 4. WITHIN THE LAST TWENTY-FOUR MONTHS, THE OWNERS OF FIFTY-ONE
32 PERCENT OF SURFACE ACREAGE OF PRIVATE LAND IN THE ELIGIBLE BASIN OR
33 SUBBASIN AND FIFTY-ONE PERCENT OF THE OWNERS OF PRIVATE LAND IN THE
34 ELIGIBLE BASIN OR SUBBASIN HAVE SUBMITTED TO THE DIRECTOR WRITTEN SUPPORT
35 FOR ESTABLISHING CORRELATIVE RIGHTS TO GROUNDWATER IN THE BASIN OR
36 SUBBASIN.

37 C. THE DIRECTOR SHALL ESTABLISH CORRELATIVE RIGHTS IN AN ELIGIBLE
38 AREA IF ESTABLISHING CORRELATIVE RIGHTS IN THE BASIN OR SUBBASIN IS
39 APPROVED BY A MAJORITY OF ELIGIBLE VOTERS IN A BASIN OR SUBBASIN THAT
40 MEETS ONE OF THE CONDITIONS PRESCRIBED BY THIS SECTION.

41 D. A PERSON WHO IS A REGISTERED VOTER AND HAS OWNED LAND IN AND
42 BEEN A RESIDENT OF THE ELIGIBLE BASIN OR SUBBASIN FOR EACH OF THE LAST
43 FIVE YEARS MAY FILE A PETITION WITH THE DIRECTOR AND ALL COUNTY BOARDS OF
44 SUPERVISORS AND RECORDERS WHERE THE GROUNDWATER BASIN OR SUBBASIN IS
45 LOCATED. THE PETITION SHALL BE SIGNED BY AT LEAST TEN PERCENT OF THE

1 REGISTERED VOTERS WHO RESIDE WITHIN THE BOUNDARIES OF THE GROUNDWATER
2 BASIN OR SUBBASIN SPECIFIED IN THE PETITION AS OF THE MOST RECENT REPORT
3 COMPILED BY THE RELEVANT COUNTY RECORDERS IN COMPLIANCE WITH SECTION
4 16-168, SUBSECTION H.

5 E. THE FORM OF THE PETITION PRESCRIBED BY SUBSECTION D OF THIS
6 SECTION SHALL BE SUBSTANTIALLY SIMILAR TO AN INITIATIVE PETITION, AND THE
7 APPLICANT FOR THE PETITION SHALL COMPLY WITH SECTION 19-111, SUBSECTIONS
8 A, B AND E, EXCEPT THAT THE DUTIES REQUIRED OF THE SECRETARY OF STATE
9 SHALL BE PERFORMED BY THE COUNTY RECORDERS OF THE COUNTIES IN WHICH THE
10 REGISTERED VOTERS OF THE GROUNDWATER BASIN OR SUBBASIN RESIDE. THE
11 DIRECTOR AND ANY COUNTY OFFICIAL MAY NOT ACCEPT A PETITION MORE THAN ONE
12 HUNDRED EIGHTY DAYS AFTER A PERSON APPLIES FOR A PETITION WITH THE
13 RELEVANT COUNTY RECORDERS.

14 F. ON REQUEST OF A COUNTY RECORDER, THE DIRECTOR SHALL TRANSMIT TO
15 THE COUNTY RECORDER ANY FACTUAL DATA CONCERNING THE BOUNDARIES OF THE
16 ELIGIBLE BASIN OR SUBBASIN THAT MAY AID THE COUNTY RECORDER IN DETERMINING
17 WHICH REGISTERED VOTERS OF THE COUNTY ARE RESIDENTS AND ARE ELIGIBLE
18 VOTERS OF THE ELIGIBLE BASIN OR SUBBASIN. THE TRANSMITTED DATA SHALL
19 INCLUDE A MAP OF THE RESIDENCES IN THE ELIGIBLE BASIN OR SUBBASIN AND ANY
20 FACTUAL DATA CONCERNING THE OWNERSHIP OF LAND IN THE ELIGIBLE BASIN OR
21 SUBBASIN THAT MAY AID THE COUNTY RECORDER IN DETERMINING WHICH REGISTERED
22 VOTERS OF THE COUNTY ARE LANDOWNERS IN THE ELIGIBLE BASIN OR SUBBASIN AND
23 ARE ELIGIBLE SIGNATORIES FOR THE PETITION.

24 G. ON THE VALID SUBMISSION OF THE REQUISITE SIGNATURES, THE COUNTY
25 BOARDS OF SUPERVISORS FOR EACH COUNTY THAT CONTAINS A PORTION OF THE
26 ELIGIBLE BASIN OR SUBBASIN SHALL COOPERATE TO INCLUDE ON THE NEXT GENERAL
27 ELECTION BALLOT FOR ALL REGISTERED VOTERS WHO RESIDE IN THE ELIGIBLE BASIN
28 OR SUBBASIN A QUESTION OF WHETHER TO ESTABLISH CORRELATIVE RIGHTS IN THE
29 ELIGIBLE BASIN OR SUBBASIN. THE BALLOT SHALL BE WORDED, "SHOULD
30 CORRELATIVE RIGHTS TO GROUNDWATER BE ESTABLISHED IN (NAME OF ELIGIBLE
31 BASIN OR SUBBASIN)?" FOLLOWED BY THE WORDS "YES" AND "NO".

32 H. WITHIN THIRTY DAYS AFTER THE DIRECTOR ISSUES WRITTEN FINDINGS
33 PURSUANT TO SUBSECTION B OF THIS SECTION OR THE GENERAL ELECTION RESULTS
34 ARE CERTIFIED PURSUANT TO THIS SECTION, THE DIRECTOR SHALL MAKE AND FILE
35 AN ORDER ESTABLISHING CORRELATIVE RIGHTS IN THE BASIN OR SUBBASIN AND FILE
36 A TRUE MAP OF THE RELEVANT BASIN OR SUBBASIN IN THE OFFICE OF THE COUNTY
37 RECORDER OF THE COUNTY OR COUNTIES THAT CONTAIN A PORTION OF THE RELEVANT
38 BASIN OR SUBBASIN.

39 I. IT IS THE INTENT OF THE LEGISLATURE THAT THE ESTABLISHMENT OF
40 CORRELATIVE RIGHTS IS TO PROTECT PUBLIC HEALTH AND SAFETY AND NOT TO
41 DIRECTLY REGULATE AN OWNER'S LAND.

42 45-502. Correlative rights; calculation; allocation;
43 definition

44 A. WITHIN NINETY DAYS AFTER CORRELATIVE RIGHTS ARE ESTABLISHED IN
45 AN ELIGIBLE BASIN OR SUBBASIN THE DIRECTOR SHALL DO ALL OF THE FOLLOWING:

1 1. DETERMINE THE TOTAL SURFACE AREA OF ELIGIBLE ACRES IN THE
2 RELEVANT BASIN OR SUBBASIN. FOR THE PURPOSES OF THIS PARAGRAPH, THE
3 DIRECTOR SHALL ROUND ALL PARTIAL ACRES TO THE NEAREST ACRE.

4 2. DETERMINE THE TOTAL VOLUME OF GROUNDWATER AVAILABLE IN THE
5 RELEVANT BASIN OR SUBBASIN TO THE MAXIMUM DEPTH OF BEDROCK AT ALL POINTS
6 IN THE RELEVANT BASIN OR SUBBASIN. FOR THE PURPOSES OF THIS PARAGRAPH, THE
7 DIRECTOR SHALL ROUND TO THE NEAREST ACRE-FOOT.

8 3. DETERMINE THE AVERAGE TOTAL VOLUME OF ANNUAL NATURAL RECHARGE IN
9 THE RELEVANT BASIN OR SUBBASIN OVER THE PRECEDING THIRTY YEARS. FOR THE
10 PURPOSES OF THIS PARAGRAPH, THE DIRECTOR SHALL ROUND TO THE NEAREST
11 ACRE-FOOT PER YEAR.

12 4. DETERMINE EACH ELIGIBLE ACRE'S PROPORTIONAL SHARE OF THE TOTAL
13 SURFACE AREA DETERMINED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION BY
14 DIVIDING THE NUMBER ONE BY THE TOTAL SURFACE AREA DETERMINED PURSUANT TO
15 PARAGRAPH 1 OF THIS SUBSECTION.

16 5. DETERMINE EACH ELIGIBLE ACRE'S PROPORTIONAL SHARE OF THE TOTAL
17 VOLUME OF GROUNDWATER AVAILABLE IN THE RELEVANT BASIN OR SUBBASIN
18 DETERMINED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION BY MULTIPLYING THE
19 TOTAL SURFACE AREA DETERMINED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION
20 BY THE PROPORTIONAL SHARE DETERMINED PURSUANT TO PARAGRAPH 4 OF THIS
21 SUBSECTION.

22 6. DETERMINE EACH ELIGIBLE ACRE'S PROPORTIONAL SHARE OF THE AVERAGE
23 TOTAL ANNUAL NATURAL RECHARGE DETERMINED PURSUANT TO PARAGRAPH 3 OF THIS
24 SUBSECTION BY MULTIPLYING EACH ACRE'S PROPORTIONAL SHARE OF THE TOTAL
25 SURFACE AREA DETERMINED PURSUANT TO PARAGRAPH 4 OF THIS SUBSECTION BY THE
26 AVERAGE TOTAL VOLUME OF ANNUAL NATURAL RECHARGE DETERMINED PURSUANT TO
27 PARAGRAPH 3 OF THIS SUBSECTION.

28 7. IDENTIFY EACH TAX PARCEL IN THE RELEVANT BASIN OR SUBBASIN THAT
29 CONTAINS A PORTION OF ELIGIBLE ACRES AND DETERMINE THE TOTAL NUMBER OF
30 ELIGIBLE ACRES LOCATED WITHIN EACH TAX PARCEL.

31 8. DETERMINE EACH TAX PARCEL'S TOTAL PROPORTIONAL SHARE OF THE
32 TOTAL SURFACE AREA DETERMINED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION
33 BY DIVIDING THE TOTAL NUMBER OF ELIGIBLE ACRES LOCATED WITHIN EACH TAX
34 PARCEL DETERMINED PURSUANT TO PARAGRAPH 7 OF THIS SUBSECTION BY THE TOTAL
35 SURFACE AREA DETERMINED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION.

36 9. DETERMINE EACH TAX PARCEL'S TOTAL CORRELATIVE RIGHT TO
37 GROUNDWATER IN THE RELEVANT BASIN OR SUBBASIN BY MULTIPLYING EACH TAX
38 PARCEL'S TOTAL PROPORTIONAL SHARE DETERMINED PURSUANT TO PARAGRAPH 8 OF
39 THIS SUBSECTION BY THE TOTAL VOLUME OF GROUNDWATER DETERMINED PURSUANT TO
40 PARAGRAPH 5 OF THIS SUBSECTION.

41 10. DETERMINE EACH TAX PARCEL'S TOTAL CORRELATIVE RIGHT TO ANNUAL
42 NATURAL RECHARGE IN THE RELEVANT BASIN OR SUBBASIN BY MULTIPLYING THE TAX
43 PARCEL'S TOTAL PROPORTIONAL SHARE DETERMINED PURSUANT TO PARAGRAPH 8 OF
44 THIS SUBSECTION BY THE AVERAGE TOTAL VOLUME OF ANNUAL NATURAL RECHARGE
45 DETERMINED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION.

11. ASSIGN A PERSONAL GROUNDWATER ACCOUNT TO THE OWNER OF EACH TAX PARCEL IDENTIFIED PURSUANT TO PARAGRAPH 7 OF THIS SUBSECTION.

12. ALLOCATE TO EACH PERSONAL GROUNDWATER ACCOUNT A LUMP SUM VOLUME OF GROUNDWATER THAT IS EQUAL TO THE TAX PARCEL'S CORRELATIVE RIGHT TO GROUNDWATER CALCULATED PURSUANT TO PARAGRAPH 9 OF THIS SUBSECTION.

B. EACH YEAR AFTER COMPLETING THE REQUIREMENTS OF SUBSECTION A OF THIS SECTION, THE DIRECTOR SHALL ALLOCATE TO EACH PERSONAL GROUNDWATER ACCOUNT A CREDIT EQUAL TO THE TAX PARCEL'S CORRELATIVE RIGHT TO ANNUAL NATURAL RECHARGE CALCULATED PURSUANT TO SUBSECTION A, PARAGRAPH 10 OF THIS SECTION.

C. FOR THE PURPOSES OF THIS SECTION, "ELIGIBLE ACRES" MEANS LAND CONSTITUTING THE SURFACE AREA OF ALLUVIUM FILL THAT COMPOSES THE RELEVANT BASIN OR SUBBASIN.

45-503. Basin or subbasin closure; administration; personal groundwater accounts

A. BEGINNING NINETY DAYS AFTER CORRELATIVE RIGHTS ARE ESTABLISHED IN AN ELIGIBLE BASIN OR SUBBASIN, GROUNDWATER PUMPING MAY NOT OCCUR EXCEPT THAT A PERSON TO WHOM THE DIRECTOR HAS ASSIGNED A PERSONAL GROUNDWATER ACCOUNT PURSUANT TO SECTION 45-502 MAY WITHDRAW OR USE GROUNDWATER FROM THE RELEVANT BASIN OR SUBBASIN SUBJECT TO THE FOLLOWING CONDITIONS:

1. THE PERSON MAY WITHDRAW AND USE GROUNDWATER ONLY IN A REASONABLE AND BENEFICIAL MANNER AS PRESCRIBED BY LAW.

2. THE PERSON MAY WITHDRAW AND USE GROUNDWATER ONLY IN A MANNER THAT IS CONSISTENT WITH THE CORRELATIVE RIGHTS OF OTHER LANDOWNERS IN THE RELEVANT BASIN OR SUBBASIN.

3. THE PERSON MAY NOT WITHDRAW GROUNDWATER FROM THE RELEVANT BASIN OR SUBBASIN IF THE TOTAL VOLUME OF GROUNDWATER THAT IS AVAILABLE IN THE PERSON'S PERSONAL GROUNDWATER ACCOUNT IS ZERO.

4. THE PERSON MAY NOT WITHDRAW MORE GROUNDWATER FROM THE RELEVANT BASIN OR SUBBASIN THAN THE PERSON CAN PUT TO REASONABLE AND BENEFICIAL USE AT A TIME OR LOCATION WITHIN THE RELEVANT BASIN OR SUBBASIN.

5. THE PERSON MAY NOT WITHDRAW GROUNDWATER FROM THE RELEVANT BASIN OR SUBBASIN IN A MANNER, RATE OR PROXIMITY TO ANOTHER LANDOWNER IN THE RELEVANT BASIN OR SUBBASIN THAT INFRINGES ON OR CAUSES DAMAGE TO THE PROPERTY OR RIGHTS OF ANOTHER LANDOWNER IN THE RELEVANT BASIN OR SUBBASIN.

6. THE PERSON MAY CONSERVE, PRESERVE OR OTHERWISE NOT WITHDRAW AS MUCH GROUNDWATER AS THE PERSON HAS AVAILABLE IN THE PERSON'S PERSONAL GROUNDWATER ACCOUNT FOR AS LONG AS THE PERSON IS ASSIGNED THE PERSONAL GROUNDWATER ACCOUNT.

7. THE PERSON MAY TRADE, TRANSFER, CONVEY, SELL OR PURCHASE GROUNDWATER CREDITS OR PERSONAL GROUNDWATER ACCOUNTS AND THEIR ASSOCIATED CORRELATIVE RIGHTS WITH ANY OTHER PERSONAL GROUNDWATER ACCOUNT HOLDER IN THE RELEVANT BASIN OR SUBBASIN. A PERSON THAT CONVEYS CREDITS SHALL PROVIDE WRITTEN NOTICE TO THE DIRECTOR, ON A FORM PROVIDED BY THE DIRECTOR, WITHIN A REASONABLE TIME FRAME ESTABLISHED BY THE DIRECTOR. THE

1 DIRECTOR MAY NOT REQUIRE A PERSON TO OBTAIN A PERMIT OR OTHER FORM OF
2 APPROVAL FOR ANY TRANSFER OR CONVEYANCE.

3 8. THE PERSON MAY NOT APPROPRIATE SUBFLOW OR SURFACE WATER OUT OF
4 PRIORITY.

5 9. THE PERSON IS NOT REQUIRED TO OWN OR OPERATE A WELL TO EXERCISE
6 THE PERSON'S CORRELATIVE RIGHTS. THE PERSON MAY RECEIVE GROUNDWATER
7 PURSUANT TO THE PERSON'S CORRELATIVE RIGHTS FROM A WELL THAT IS OWNED OR
8 OPERATED BY ANOTHER PERSONAL GROUNDWATER ACCOUNT HOLDER IN THE RELEVANT
9 BASIN OR SUBBASIN.

10 10. THE PERSON WHO OWNS OR OPERATES A WELL IN THE RELEVANT BASIN OR
11 SUBBASIN THAT IS USED TO WITHDRAW GROUNDWATER FOR ANOTHER PERSONAL
12 GROUNDWATER ACCOUNT HOLDER IS RESPONSIBLE FOR ENSURING THAT THE DIRECTOR
13 PROPERLY DEBITS ANY WITHDRAWALS MADE FROM SUCH WELL TO THE CORRECT
14 PERSONAL GROUNDWATER ACCOUNT.

15 11. THE PERSON IS RESPONSIBLE FOR EXERCISING THE PERSON'S
16 CORRELATIVE RIGHT FOR MAINTAINING THE PERSON'S ABILITY TO USE, ACCESS AND
17 WITHDRAW THE GROUNDWATER ASSOCIATED WITH THE PERSON'S RIGHT IN THE
18 RELEVANT BASIN OR SUBBASIN.

19 B. A LANDOWNER WHO OWNS ONE OR MORE TAX PARCELS IDENTIFIED PURSUANT
20 TO SECTION 45-502, SUBSECTION A, PARAGRAPH 7 MAY APPLY TO THE DIRECTOR, ON
21 A FORM PROVIDED BY THE DIRECTOR, TO CLAIM OWNERSHIP OF AND CONSOLIDATE ANY
22 PERSONAL GROUNDWATER ACCOUNTS AND ASSOCIATED CORRELATIVE RIGHTS THAT
23 CORRESPOND TO THE TAX PARCELS AND MAY REQUEST THAT THE DIRECTOR ASSIGN THE
24 PERSONAL GROUNDWATER ACCOUNTS AND ASSOCIATED CORRELATIVE RIGHTS TO THE
25 LANDOWNER IN A CONSOLIDATED ACCOUNT.

26 C. AN OWNER OR OPERATOR OF A COMMUNITY WATER SYSTEM, MUNICIPAL
27 WATER SYSTEM OR OTHER WATER DISTRIBUTION SYSTEM THAT PROVIDES WATER
28 SERVICE TO ONE OR MORE TAX PARCELS IDENTIFIED PURSUANT TO SECTION 45-502,
29 SUBSECTION A, PARAGRAPH 7 MAY APPLY TO THE DIRECTOR, ON A FORM PROVIDED BY
30 THE DIRECTOR, TO CLAIM OWNERSHIP OF ANY PERSONAL GROUNDWATER ACCOUNTS AND
31 ASSOCIATED CORRELATIVE RIGHTS THAT CORRESPOND TO TAX PARCELS THAT THE
32 OWNER OR OPERATOR SERVES AND MAY REQUEST THAT THE DIRECTOR ASSIGN THE
33 PERSONAL GROUNDWATER ACCOUNTS AND ASSOCIATED CORRELATIVE RIGHTS TO THE
34 OWNER OR OPERATOR, WHICH SHALL BE IN THE NAME OF THE WATER PROVIDER, IN A
35 SINGLE CONSOLIDATED GROUNDWATER ACCOUNT.

36 D. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, A LANDOWNER MAY
37 NOT CLAIM PERSONAL GROUNDWATER ACCOUNTS OR ASSOCIATED CORRELATIVE RIGHTS
38 THAT CORRESPOND TO ANY TAX PARCELS THAT ARE LOCATED WITHIN THE
39 DISTRIBUTION SERVICE AREA OF AN ENTITY DESCRIBED IN SUBSECTION C OF THIS
40 SECTION.

41 E. THE DIRECTOR SHALL ESTABLISH AN APPLICATION PROCESS TO CREDIT AN
42 OWNER OF AN ACTIVE OR PASSIVE GROUNDWATER RECHARGE FACILITY LOCATED WITHIN
43 A RELEVANT BASIN OR SUBBASIN THE DIFFERENCE BETWEEN THE OWNER'S
44 CORRELATIVE RIGHT TO ANNUAL NATURAL RECHARGE AND THE INCREASE IN ANNUAL
45 NATURAL RECHARGE CAUSED BY THE OWNER'S RECHARGE FACILITY, AS CONFIRMED BY

1 THE DIRECTOR. IF MULTIPLE PERSONS OWN AN ACTIVE OR PASSIVE GROUNDWATER
2 REPLENISHMENT OR RECHARGE FACILITY, THE DIRECTOR SHALL AWARD THE
3 ADDITIONAL CREDIT TO EACH OWNER'S PERSONAL GROUNDWATER ACCOUNT IN
4 PROPORTION TO THE OWNERSHIP OF A FACILITY OR AS CONTRACTED AMONG THE
5 PARTIES.

6 F. WITHIN NINETY DAYS AFTER CORRELATIVE RIGHTS ARE ESTABLISHED IN
7 AN ELIGIBLE BASIN OR SUBBASIN, THE DIRECTOR SHALL ADOPT RULES TO IMPLEMENT
8 THIS SECTION, INCLUDING RULES TO:

9 1. ESTABLISH AN APPLICATION PROCESS FOR THE ASSIGNMENT,
10 REASSIGNMENT AND CONSOLIDATION OF PERSONAL GROUNDWATER ACCOUNTS IN A
11 RELEVANT BASIN OR SUBBASIN.

12 2. ESTABLISH A PROCESS FOR NOTIFYING THE DIRECTOR OF TRADES,
13 TRANSFERS, CONVEYANCES, SALES AND PURCHASES OF GROUNDWATER CREDITS OR
14 PERSONAL GROUNDWATER ACCOUNTS AND THEIR ASSOCIATED CORRELATIVE RIGHTS.

15 3. ENFORCE THIS SECTION, INCLUDING REASONABLE REPORTING
16 REQUIREMENTS, MEASURING OR MONITORING REQUIREMENTS, WELL SPACING
17 REQUIREMENTS AND WELL IMPACT TESTS.

18 G. THIS ARTICLE DOES NOT ESTABLISH A RIGHT TO HAVE THIS STATE OR
19 ANY POLITICAL SUBDIVISION OF THIS STATE PROVIDE, GUARANTEE ACCESS TO OR
20 OTHERWISE ENSURE A PERSON'S ABILITY TO ACCESS, USE OR WITHDRAW GROUNDWATER
21 FROM A RELEVANT BASIN OR SUBBASIN.

22 45-504. Groundwater transportation; beneficial use; damages;
23 exemption

24 A. NOTWITHSTANDING SECTION 45-544, IN AN ELIGIBLE BASIN OR SUBBASIN
25 WHERE CORRELATIVE RIGHTS HAVE BEEN ESTABLISHED:

26 1. GROUNDWATER MAY BE TRANSPORTED FREELY WITHIN THE RELEVANT BASIN
27 OR SUBBASIN AND IS NOT APPURTENANT TO THE LAND, WELL OR OTHER LOCATION
28 FROM WHICH THE GROUNDWATER WAS WITHDRAWN OR TRANSPORTED.

29 2. GROUNDWATER MAY BE TRANSFERRED OR CONVEYED SEPARATELY FROM ANY
30 PARCEL OF LAND LOCATED WITHIN THE RELEVANT BASIN OR SUBBASIN.

31 3. GROUNDWATER TRANSFERS AND CONVEYANCES WITHIN A RELEVANT BASIN OR
32 SUBBASIN PURSUANT TO THIS ARTICLE CONSTITUTE PUTTING GROUNDWATER TO A
33 REASONABLE AND BENEFICIAL USE.

34 4. GROUNDWATER THAT IS TRANSPORTED WITHIN THE RELEVANT BASIN OR
35 SUBBASIN IS NOT SUBJECT TO ANY CLAIM FOR DAMAGES EXCEPT AN ACCOUNT HOLDER
36 MAY SEEK DAMAGES FROM A PERSON THAT INFRINGES OR CAUSES DAMAGE TO THE
37 PROPERTY OR RIGHTS OF THE ACCOUNT HOLDER. A PERSON IS NOT ENTITLED TO
38 DAMAGES OR OTHER RELIEF IF THE ACCOUNT HOLDER HAS NOT SUFFERED ACTUAL HARM
39 TO THE ACCOUNT HOLDER'S PERSONAL GROUNDWATER ACCOUNT, PROPERTY OR
40 CORRELATIVE RIGHTS. FOR THE PURPOSES OF THIS PARAGRAPH:

41 (a) A DECLINE IN DEPTH TO WATER LEVELS ALONE IS INSUFFICIENT TO
42 PROVE ACTUAL HARM.

43 (b) A LOCALIZED DECLINE IN DEPTH TO WATER LEVELS THAT RESULTS FROM
44 A CONE OF DEPRESSION AND THAT IS FOUND TO BE IN VIOLATION OF RULES ADOPTED
45 BY THE DIRECTOR IS SUFFICIENT TO PROVE ACTUAL HARM.

1 B. A LANDOWNER WHO OWNS ONE OR MORE TAX PARCELS IDENTIFIED PURSUANT
2 TO SECTION 45-502 AND WHO WITHDRAWS GROUNDWATER FROM NOT MORE THAN ONE
3 EXEMPT WELL IN THE RELEVANT BASIN OR SUBBASIN MAY SUBMIT A NOTICE TO THE
4 DIRECTOR, ON A FORM PROVIDED BY THE DIRECTOR, THAT EXEMPTS THE OWNER FROM
5 SECTION 45-503 AND RULES ADOPTED PURSUANT TO THAT SECTION EXCEPT THOSE
6 CONCERNING BENEFICIAL USE.

7 C. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, IF THE
8 DEPARTMENT RECEIVES A NOTICE PURSUANT TO SUBSECTION B OF THIS SECTION:

9 1. THE EXEMPT LANDOWNER IS NOT ENTITLED TO CLAIM A PERSONAL
10 GROUNDWATER ACCOUNT OR RECEIVE A CORRELATIVE GROUNDWATER RIGHT.

11 2. THE EXEMPT LANDOWNER IS NOT ENTITLED TO RECEIVE THE DAMAGES,
12 PROTECTION OR BENEFITS THAT ARE PROVIDED TO OWNERS OF PERSONAL GROUNDWATER
13 ACCOUNTS.

14 3. THE DEPARTMENT SHALL SUBTRACT FROM THE TOTAL SURFACE AREA OF
15 ELIGIBLE ACRES CALCULATED PURSUANT TO SECTION 45-502, SUBSECTION A,
16 PARAGRAPH 1 THE ELIGIBLE ACRES THAT ARE LOCATED WITHIN THE TAX PARCELS
17 ASSOCIATED WITH THE EXEMPT LANDOWNER AND SHALL ALLOCATE TO ALL OTHER
18 ELIGIBLE ACRES IN THE RELEVANT BASIN OR SUBBASIN THE CORRELATIVE RIGHTS TO
19 GROUNDWATER AND CORRELATIVE RIGHTS TO ANNUAL NATURAL RECHARGE THAT
20 OTHERWISE WOULD HAVE BEEN ALLOCATED TO THE EXEMPT LANDOWNER'S ELIGIBLE
21 ACRES.

22 D. AN EXEMPT LANDOWNER MAY REVOKE THE EXEMPT LANDOWNER'S EXEMPTION
23 BY SUBMITTING AN APPLICATION TO THE DIRECTOR, ON A FORM PROVIDED BY THE
24 DIRECTOR, REQUESTING THAT THE DIRECTOR REVOKE THE LANDOWNER'S EXEMPTION
25 AND ESTABLISH A PERSONAL GROUNDWATER ACCOUNT. THE APPLICATION SHALL
26 INCLUDE EVIDENCE DEMONSTRATING THAT THE EXEMPT LANDOWNER HAS ACQUIRED FROM
27 OTHER PERSONAL GROUNDWATER ACCOUNT HOLDERS IN THE RELEVANT BASIN OR
28 SUBBASIN A VOLUME OF GROUNDWATER CREDITS THAT IS AT LEAST EQUAL TO THE
29 VOLUME OF CORRELATIVE RIGHTS THAT THE DIRECTOR OTHERWISE WOULD HAVE
30 ALLOCATED TO THE EXEMPT LANDOWNER PURSUANT TO SUBSECTION C, PARAGRAPH 3 OF
31 THIS SECTION. ANY GROUNDWATER THAT THE EXEMPT LANDOWNER WITHDREW FROM THE
32 RELEVANT BASIN OR SUBBASIN BETWEEN THE EFFECTIVE DATE OF THIS SECTION AND
33 THE EFFECTIVE DATE OF THE LANDOWNER'S PERSONAL GROUNDWATER ACCOUNT SHALL
34 BE DEBITED FROM THE LANDOWNER'S PERSONAL GROUNDWATER ACCOUNT ON THE
35 EFFECTIVE DATE OF THE LANDOWNER'S PERSONAL GROUNDWATER ACCOUNT.

36 45-505. Rights subject to appropriation; subflow; surface
37 water; effect on adjudication

38 FOR THE PURPOSES OF THIS ARTICLE, A PERSON MAY NOT APPROPRIATE
39 SUBFLOW OR SURFACE WATER OUT OF PRIORITY. THIS ARTICLE DOES NOT EXEMPT
40 SUBFLOW OR SURFACE WATER FROM A GENERAL STREAM ADJUDICATION.

41 45-506. Ten-year review; report; audit; recalculation of
42 correlative rights

43 A. ON THE TENTH ANNIVERSARY OF ESTABLISHING CORRELATIVE RIGHTS IN
44 AN ELIGIBLE BASIN OR SUBBASIN AND EVERY TEN YEARS THEREAFTER, THE DIRECTOR

1 SHALL COMPLETE AN UPDATED HYDROLOGICAL REVIEW OF THE RELEVANT BASIN OR
2 SUBBASIN TO REASSESS EACH OF THE FOLLOWING:

3 1. THE TOTAL VOLUME OF GROUNDWATER AVAILABLE TO THE MAXIMUM DEPTH
4 OF BEDROCK AT ALL POINTS IN THE RELEVANT BASIN OR SUBBASIN.

5 2. THE AVERAGE TOTAL VOLUME OF ANNUAL NATURAL RECHARGE OVER THE
6 PRECEDING THIRTY YEARS IN THE RELEVANT BASIN OR SUBBASIN.

7 B. ON COMPLETING THE UPDATED HYDROLOGICAL REVIEW PRESCRIBED BY
8 SUBSECTION A OF THIS SECTION, THE DIRECTOR SHALL AUDIT EACH PERSONAL
9 GROUNDWATER ACCOUNT IN THE RELEVANT BASIN OR SUBBASIN AND DO ALL OF THE
10 FOLLOWING:

11 1. ADJUST EACH PERSONAL GROUNDWATER ACCOUNT TO REFLECT UPDATES,
12 ERRORS OR CORRECTIONS IN REPORTING, METERING, MEASURING OR MONITORING
13 GROUNDWATER WITHDRAWALS, ACCOUNT CREDIT TRANSFERS OR RECHARGE.

14 2. REASSIGN TO EACH PERSONAL GROUNDWATER ACCOUNT IN THE RELEVANT
15 BASIN OR SUBBASIN AN UPDATED LUMP SUM VOLUME OF GROUNDWATER ASSOCIATED
16 WITH THE PERSONAL GROUNDWATER ACCOUNT HOLDER'S CORRELATIVE RIGHT TO
17 GROUNDWATER, MINUS THE TOTAL VOLUME OF GROUNDWATER WITHDRAWN OR DEBITED
18 FROM THE ACCOUNT IN EACH OF THE LAST TEN YEARS, PLUS THE TOTAL VOLUME OF
19 GROUNDWATER CREDITED TO THE ACCOUNT IN EACH OF THE LAST TEN YEARS.

20 3. REASSIGN TO EACH PERSONAL GROUNDWATER ACCOUNT IN THE RELEVANT
21 BASIN OR SUBBASIN AN UPDATED ANNUAL RECHARGE CREDIT ASSOCIATED WITH THE
22 PERSONAL GROUNDWATER ACCOUNT HOLDER'S CORRELATIVE RIGHT TO ANNUAL NATURAL
23 RECHARGE.

24 C. ON COMPLETION OF EVERY TEN YEAR AUDIT, THE DIRECTOR SHALL SUBMIT
25 A REPORT REGARDING THE AUDIT AND MAKE RECOMMENDATIONS FOR ADMINISTRATIVE
26 OR LEGISLATIVE ACTION TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
27 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A COPY OF THIS
28 REPORT TO THE SECRETARY OF STATE.

29 Sec. 3. Correlative rights; statewide establishment; election

30 A. On the effective date of this act, the secretary of state shall
31 work to place a question on the statewide 2026 general election ballot as
32 to whether the director of the department of water resources should
33 establish correlative rights in all eligible basins and subbasins.

34 B. All qualified electors who are registered to vote in this state
35 are eligible to vote on the question prescribed by this section. The
36 ballot shall state "Should correlative rights to groundwater, as defined
37 by section 45-501, Arizona Revised Statutes, as added by this act, be
38 established in all eligible basins and subbasins?" followed by the words
39 "Yes" and "No". If a majority of those qualified electors voting on the
40 question votes to approve the establishment of correlative rights to
41 groundwater, the director shall immediately follow the procedures
42 prescribed by this act.