

House Engrossed Senate Bill

~~water banking; annual report; posting~~
(now: groundwater savings credits; irrigation)

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1335

AN ACT

AMENDING SECTIONS 45-465.05 AND 45-494, ARIZONA REVISED STATUTES; RELATING
TO GROUNDWATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 45-465.05, Arizona Revised Statutes, is amended
3 to read:

4 45-465.05. Permanent relinquishment of irrigation
5 grandfathered rights; groundwater savings
6 credits; assured water supply; rules; report;
7 definitions

8 A. A person that owns land within the Phoenix or Pinal active
9 management area that may be legally irrigated with groundwater pursuant to
10 an irrigation grandfathered right may apply to the director to permanently
11 relinquish all of the irrigation grandfathered right in exchange for
12 groundwater savings credits. The director shall approve the application
13 if all of the following conditions apply:

14 1. The person's use of the irrigation grandfathered right complies
15 with this chapter and the applicable management plan.

16 2. For each irrigation grandfathered right that is relinquished,
17 the director determines that land to which the irrigation grandfathered
18 right is appurtenant has been legally irrigated with groundwater in at
19 least three of the preceding five years.

20 3. The person has filed all reports required pursuant to section
21 45-632 for the last five years.

22 4. The person does not maintain a negative balance in the person's
23 flexibility account established pursuant to section 45-467.

24 5. The department has not issued a certificate of assured water
25 supply for the acres associated with the relinquishment.

26 B. The director shall quantify groundwater savings credits. When
27 quantifying groundwater savings credits, the following apply:

28 1. The amount of groundwater savings ~~credit~~ CREDITS shall be
29 determined in acre-feet by multiplying the acres associated with the
30 relinquishment by the following conversion multiplier:

31 (a) In the Phoenix active management area, one hundred fifty.

32 (b) In the Pinal active management area, one hundred.

33 2. A person may not receive groundwater savings credits for a
34 volume of water that exceeds sixty times the mean amount of groundwater
35 used annually pursuant to the irrigation grandfathered right in the three
36 years with the highest use during the five years preceding an application
37 to permanently relinquish the irrigation grandfathered right. If a person
38 applies to relinquish an irrigation grandfathered right after conveyance
39 of an irrigation grandfathered right, the mean amount of groundwater used
40 annually shall be determined using a proportionate share of the total
41 amount of groundwater used annually pursuant to any irrigation
42 grandfathered rights appurtenant to the land included in the irrigation
43 grandfathered right that the person has applied to relinquish in the years
44 used to satisfy the requirements of subsection A, paragraph 2 of this
45 section.

1 C. When issuing groundwater savings credits, the director shall:

2 1. Identify all of the following:

3 (a) The amount of groundwater savings credits as calculated
4 pursuant to subsection B of this section.

5 (b) The number and location of the acres associated with the
6 relinquishment.

7 (c) The wells that have been used to serve land to which the
8 irrigation grandfathered right is appurtenant.

9 (d) The owner of the acres associated with the relinquishment at
10 the time of the relinquishment that holds the groundwater savings credits.

11 2. Determine whether the criteria prescribed in subsection D,
12 paragraph 3 or subsection E, paragraph 3 of this section would be
13 satisfied. This determination shall ~~be applied~~ APPLY to BOTH OF THE
14 FOLLOWING:

15 (a) An assured water supply application that is submitted to the
16 department within two years after the date the groundwater savings credits
17 are issued, and THE DETERMINATION shall remain valid until the director
18 makes a final decision on the assured water supply application.

19 (b) A NOTICE OF INTENT TO PLEDGE GROUNDWATER SAVINGS CREDITS TO A
20 DESIGNATION OF ASSURED WATER SUPPLY THAT A PERSON SUBMITS PURSUANT TO
21 SUBSECTION G, PARAGRAPH 2 OF THIS SECTION WITHIN TWO YEARS AFTER THE DATE
22 THE GROUNDWATER SAVINGS CREDITS ARE ISSUED, AND THE DETERMINATION SHALL
23 REMAIN VALID UNTIL THE DIRECTOR MAKES A FINAL DECISION ON THE APPLICATION
24 TO MODIFY A DESIGNATION OF ASSURED WATER SUPPLY.

25 D. For the purposes of a designation or modification of a
26 designation of assured water supply, the volume of groundwater withdrawn
27 or stored water recovered outside the area of impact of storage associated
28 with groundwater savings credits calculated pursuant to subsection B of
29 this section is exempt from the requirement to demonstrate that the
30 groundwater is physically available in accordance with section 45-576 if
31 all of the following apply:

32 1. The acres associated with the relinquishment and the location of
33 the proposed use associated with the groundwater savings credits are or
34 will be within the service area of a municipal provider that is designated
35 as having an assured water supply or that has applied for a designation of
36 assured water supply.

37 2. The applicant proposes to withdraw groundwater or stored water
38 recovered outside of the area of impact of storage associated with the
39 groundwater savings credits from one or more of the following locations:

40 (a) Any well that was used to serve land to which the irrigation
41 grandfathered right is appurtenant.

42 (b) Any well that is located within one mile of any well that was
43 used to serve land to which the irrigation grandfathered right is
44 appurtenant.

1 (c) Any well that is located on the acres associated with the
2 relinquishment.

3 (d) Any well that is located within one mile of the acres
4 associated with the relinquishment.

5 3. The applicant demonstrates that groundwater or stored water
6 recovered outside the area of impact of storage can be withdrawn to serve
7 the proposed use for one hundred years without exceeding the depth of the
8 aquifer or the applicable depth-to-static water level limit of the active
9 management area, whichever is less. For the purposes of this
10 demonstration:

11 (a) The director may not consider other withdrawals that exceed the
12 depth of the aquifer or the applicable depth-to-static water level limit
13 during the one hundred-year period as follows:

14 (i) In the Phoenix active management area, the depth-to-static
15 water level limit is one thousand feet below land surface.

16 (ii) In the Pinal active management area, the depth-to-static water
17 level limit is one thousand one hundred feet below land surface.

18 (b) For withdrawals located within one mile of any well that was
19 used to serve land to which the irrigation grandfathered right is
20 appurtenant, the applicant may rely on the director's determination
21 pursuant to subsection C of this section, if applicable, or on the
22 director's most recent assured water supply projection to satisfy this
23 requirement. This subdivision ~~shall~~ DOES not apply if more than forty
24 percent of the water used during the period used in the director's most
25 recent assured water supply projection by land to which the irrigation
26 grandfathered right is appurtenant was in lieu water as defined in section
27 45-802.01.

28 (c) Except as provided by subdivision (b) of this paragraph, the
29 applicant must update the director's most recent assured water supply
30 projection only to make reasonable modifications to the locations or rates
31 of the withdrawals to reflect the changes that result from the proposed
32 use.

33 4. The applicant submits evidence to the department that the water
34 used pursuant to the groundwater savings program established under this
35 section will not be used on any of the following:

36 (a) Turf that is not located in a recreational use area or other
37 space that is regularly used for stormwater management or for civic,
38 community or other recreational purposes, including playgrounds, sports
39 fields, cemeteries or schoolyards.

40 (b) Water parks.

41 (c) Decorative water features, including lakes, ponds or lagoons,
42 except as provided in section 45-132, subsection B, paragraph 4,
43 subdivision (a).

1 E. For the purposes of an application for a certificate of assured
2 water supply that proposes to rely on groundwater savings credits, the
3 volume of groundwater or stored water recovered outside the area of impact
4 of storage associated with the amount of groundwater savings credits
5 calculated pursuant to subsection B of this section is exempt from the
6 requirement to demonstrate that the groundwater or stored water recovered
7 outside the area of impact of storage is physically available in
8 accordance with section 45-576 if all of the following apply:

9 1. The proposed use associated with the groundwater savings credits
10 is on the acres associated with the relinquishment or on land that is
11 located within one mile of the exterior boundary of the acres associated
12 with the relinquishment.

13 2. The applicant proposes to withdraw groundwater or stored water
14 recovered outside the area of impact of storage associated with the
15 groundwater savings credits from one or more of the following locations:

16 (a) Any well that was used to serve land to which the irrigation
17 grandfathered right is appurtenant.

18 (b) Any well that is located within one mile of any well that was
19 used to serve land to which the irrigation grandfathered right is
20 appurtenant.

21 (c) Any well that is located on the acres associated with the
22 relinquishment.

23 (d) Any well that is located within one mile of the acres
24 associated with the relinquishment.

25 3. The applicant demonstrates that groundwater or stored water
26 recovered outside of the area of impact of storage can be withdrawn to
27 serve the proposed use for one hundred years without exceeding the depth
28 of the aquifer or the applicable depth-to-static water level limit of the
29 active management area, whichever is less. For the purposes of this
30 demonstration:

31 (a) The director may not consider other withdrawals that exceed the
32 depth of the aquifer or the applicable depth-to-static water level limit
33 during the one hundred-year period as follows:

34 (i) In the Phoenix active management area, the depth-to-static
35 water level limit is one thousand feet below land surface.

36 (ii) In the Pinal active management area, the depth-to-static water
37 level limit is one thousand one hundred feet below land surface.

38 (b) For withdrawals located within one mile of any well that was
39 used to serve the irrigation grandfathered right, the applicant may rely
40 on the director's determination pursuant to subsection C of this section,
41 if applicable, or on the director's most recent assured water supply
42 projection to satisfy this requirement. This subdivision ~~shall~~ DOES not
43 apply if more than forty percent of the water used by the irrigation
44 grandfathered right during the period used in the director's most recent

1 assured water supply projection was in lieu water as defined in section
2 45-802.01.

3 (c) Except as provided by subdivision (b) of this paragraph, the
4 applicant must update the director's most recent assured water supply
5 projection only to make reasonable modifications to the locations or rates
6 of the withdrawals to reflect the changes that result from the proposed
7 use.

8 4. The applicant submits evidence to the department that the water
9 used pursuant to the groundwater savings program established under this
10 section will not be used on any of the following:

11 (a) Turf that is not located in a recreational use area or other
12 space that is regularly used for stormwater management or for civic,
13 community or other recreational purposes, including playgrounds, sports
14 fields, cemeteries or schoolyards.

15 (b) Water parks.

16 (c) Decorative water features, including lakes, ponds or lagoons,
17 except as provided in section 45-132, subsection B, paragraph 4,
18 subdivision (a).

19 F. An applicant that submits an application for a certificate of
20 assured water supply on or before December 31, 2030 may rely on
21 groundwater savings credits pledged to the certificate that is issued
22 based on that application. An applicant may not pledge groundwater
23 savings credits to an application for a certificate of assured water
24 supply that is submitted on or after January 1, 2031.

25 G. The director shall adopt rules on or before June 30, 2026
26 through expedited rulemaking to:

27 1. Set licensing time frames to issue groundwater savings credits.

28 2. Develop a summary process to ~~apply~~ PLEDGE groundwater savings
29 credits to designations of assured water supply.

30 H. Before the director issues groundwater savings credits, the
31 director shall both:

32 1. Notify the holder of the irrigation grandfathered right in
33 writing of the department's preliminary recommendations regarding the
34 items described in subsection C of this section.

35 2. Request written confirmation that the holder of the irrigation
36 grandfathered right would like to proceed with relinquishment. On receipt
37 of confirmation that the applicant would like to relinquish the irrigation
38 grandfathered right, the director shall issue groundwater savings credits
39 pursuant to subsection C of this section. THE HOLDER OF THE GROUNDWATER
40 SAVINGS CREDITS MAY ONLY CONTINUE TO IRRIGATE THE LAND CONSISTENT WITH A
41 TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER THAT THE DIRECTOR ISSUES
42 PURSUANT TO SUBSECTION O OF THIS SECTION.

1 I. A person that holds groundwater savings credits may assign the
2 person's credits to the subsequent owner of the acres associated with the
3 relinquishment. A person that holds groundwater savings credits may
4 pledge the credits to an assured water supply application that proposes to
5 rely on the credits pursuant to subsection D or E of this section.

6 J. After the director issues a certificate of assured water supply
7 based on groundwater savings credits, if a municipal provider that serves
8 acres associated with the relinquishment becomes a designated provider or
9 if the service area of a designated provider is extended to include the
10 subdivision for which a certificate of assured water supply was issued,
11 the remaining groundwater savings credits associated with the certificate
12 shall be used to support the designation.

13 K. On acres associated with the relinquishment and areas within one
14 mile of the acres associated with the relinquishment that use groundwater
15 pursuant to subsection E of this section, the following prohibitions
16 apply:

17 1. A municipal provider or association as defined in section
18 33-1802 may not use the groundwater or stored water recovered outside the
19 area of impact of storage for any of the following:

20 (a) Application to turf that is not located in a recreational use
21 area or other space that is regularly used for stormwater management or
22 for civic, community or recreational purposes, including playgrounds,
23 sports fields, cemeteries or schoolyards.

24 (b) Water parks.

25 (c) Decorative water features, including lakes, ponds or lagoons,
26 except as provided in section 45-132, subsection B, paragraph 4,
27 subdivision (a).

28 2. An association as defined in section 33-1802 may not adopt or
29 enforce ~~any~~ EITHER of the following:

30 (a) Minimum turf requirements for turf that is not located in a
31 recreational use area or other space that is regularly used for stormwater
32 management or for civic, community or recreational purposes, including
33 playgrounds, sports fields, cemeteries or schoolyards.

34 (b) Requirements for the installation, filling or refilling of:

35 (i) Water parks.

36 (ii) Decorative water features, including lakes, ponds or lagoons,
37 except as provided in section 45-132, subsection B, paragraph 4,
38 subdivision (a).

39 L. The director may adopt rules to implement the groundwater
40 savings program prescribed by this section for the Tucson active
41 management area that include an applicable conversion multiplier and
42 necessary parameters to ensure groundwater savings in the Tucson active
43 management area if the director determines that all of the following
44 apply:

1 1. Groundwater withdrawals in the Tucson active management area
2 over a period of one hundred years will exceed the depth-to-static water
3 level of one thousand feet or the depth of the aquifer, whichever is less.

4 2. A groundwater savings program established in the Tucson active
5 management area would reduce groundwater use over the next one hundred
6 years.

7 3. Expanding the program to include the Tucson active management
8 area would be in the best interest of that active management area and of a
9 conservation district.

10 M. Section 45-114, subsections A and B govern administrative
11 proceedings, rehearing or review and judicial review of final decisions of
12 the director pursuant to this section.

13 N. On application to the director by the current owner of the acres
14 associated with the relinquishment, the director shall restore a
15 relinquished irrigation grandfathered right and rescind all issued
16 groundwater savings credits if the groundwater savings credits have not
17 been pledged to a certificate of assured water supply or a designation of
18 assured water supply pursuant to section 45-576, subsection M.

19 O. A PERSON THAT APPLIES TO RELINQUISH AN IRRIGATION GRANDFATHERED
20 RIGHT IN EXCHANGE FOR GROUNDWATER SAVINGS CREDITS MAY ACCOMPANY THE
21 APPLICATION WITH A REQUEST THAT THE DIRECTOR ISSUE A TEMPORARY PERMIT TO
22 IRRIGATE WITH GROUNDWATER. ON RELINQUISHMENT OF THE IRRIGATION
23 GRANDFATHERED RIGHT, AND ONLY IF A REQUEST ACCOMPANIES THE APPLICATION TO
24 RELINQUISH AN IRRIGATION GRANDFATHERED RIGHT, THE DIRECTOR SHALL ISSUE TO
25 THE HOLDER OF THE GROUNDWATER SAVINGS CREDIT A TEMPORARY PERMIT TO
26 IRRIGATE WITH GROUNDWATER.

27 P. THE HOLDER OF A TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER
28 ISSUED PURSUANT TO SUBSECTION O OF THIS SECTION IS AUTHORIZED TO USE
29 GROUNDWATER FOR IRRIGATION ON THE LAND THAT QUALIFIED AS IRRIGATION ACRES
30 UNDER THE RELINQUISHED IRRIGATION GRANDFATHERED RIGHT, AS IF THE RIGHT HAD
31 NOT BEEN RELINQUISHED, SUBJECT TO ALL OF THE FOLLOWING:

32 1. ALL REQUIREMENTS AND LIMITATIONS OF THIS CHAPTER AND OF THE
33 RELINQUISHED IRRIGATION GRANDFATHERED RIGHT THAT WOULD APPLY AS IF THE
34 RIGHT HAD NOT BEEN RELINQUISHED.

35 2. THE APPLICABLE MANAGEMENT GOAL AND THE APPLICABLE MANAGEMENT
36 PLAN FOR THE ACTIVE MANAGEMENT AREA WHERE THE LANDS TO WHICH THE
37 RELINQUISHED IRRIGATION GRANDFATHERED RIGHT WAS APPURTENANT ARE LOCATED,
38 AS IF THE RIGHT HAD NOT BEEN RELINQUISHED.

39 3. A FARM THAT IS AUTHORIZED TO USE GROUNDWATER PURSUANT TO A
40 TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER MAY NOT MAINTAIN A
41 FLEXIBILITY ACCOUNT PURSUANT TO SECTION 45-467, EXCEPT THAT IF THE AMOUNT
42 OF GROUNDWATER USED TO IRRIGATE THE FARM IN AN ACCOUNTING PERIOD EXCEEDS
43 THE AMOUNT OF THE CURRENT IRRIGATION WATER DUTY FOR THE FARM MULTIPLIED BY
44 THE WATER DUTY ACRES IN THE FARM, THE HOLDER OF THE TEMPORARY PERMIT TO

1 IRRIGATE WITH GROUNDWATER MAY OBTAIN CREDITS REGISTERED TO THE FLEXIBILITY
2 ACCOUNT OF ANOTHER FARM PURSUANT TO SECTION 45-467.

3 4. THE TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER MAY BE LEASED
4 FOR AN IRRIGATION USE WITH THE LAND THAT IS ENTITLED TO BE IRRIGATED UNDER
5 THE TEMPORARY PERMIT.

6 5. THE TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER TERMINATES TWO
7 YEARS AFTER THE DIRECTOR ISSUES THE GROUNDWATER SAVINGS CREDITS UNLESS ONE
8 OF THE FOLLOWING OCCURS EARLIER, WHICH IMMEDIATELY TERMINATES THE
9 TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER:

10 (a) THE RELINQUISHED IRRIGATION GRANDFATHERED RIGHT IS RESTORED.

11 (b) THE ASSOCIATED GROUNDWATER SAVINGS CREDITS ARE PLEDGED TO A
12 CERTIFICATE OF ASSURED WATER SUPPLY OR DESIGNATION OF ASSURED WATER SUPPLY
13 AND THE CERTIFICATE OF ASSURED WATER SUPPLY IS ISSUED OR THE DESIGNATION
14 OF ASSURED WATER SUPPLY IS ISSUED OR MODIFIED TO INCLUDE THE GROUNDWATER
15 SAVINGS CREDITS.

16 (c) A PERSON WHO PROPOSES TO OFFER SUBDIVIDED LANDS AS DEFINED IN
17 SECTION 32-2101, FOR SALE OR LEASE ON LAND THAT IS ENTITLED TO BE
18 IRRIGATED UNDER THE TEMPORARY PERMIT OBTAINS A WRITTEN COMMITMENT OF WATER
19 SERVICE FOR THE PROPOSED SUBDIVISION AS DEFINED IN SECTION 32-2101 FROM A
20 CITY, TOWN OR PRIVATE WATER COMPANY DESIGNATED AS HAVING AN ASSURED WATER
21 SUPPLY PURSUANT TO SECTION 45-576.

22 (d) THE ACRES ASSOCIATED WITH THE RELINQUISHMENT QUALIFY AS MEMBER
23 LAND OF A CONSERVATION DISTRICT AS PROVIDED BY TITLE 48, CHAPTER 22.

24 6. FOR THE PURPOSES OF CHAPTER 3.1 OF THIS TITLE RELATING TO THE
25 STORAGE OF WATER, WATER THAT A PERSON DELIVERS PURSUANT TO A TEMPORARY
26 PERMIT TO IRRIGATE WITH GROUNDWATER IS CLASSIFIED AS WATER DELIVERED TO
27 THE RELINQUISHED IRRIGATION GRANDFATHERED RIGHT TO DETERMINE THE ANNUAL OR
28 LONG-TERM STORAGE CREDITS A PERMIT HOLDER MAY ACCRUE PURSUANT TO A
29 GROUNDWATER SAVINGS FACILITY PERMIT.

30 ~~Q.~~ Q. For the purposes of this section:

31 1. "Acres associated with the relinquishment" means land to which
32 the irrigation grandfathered right that is relinquished in exchange for
33 groundwater savings credits was appurtenant.

34 2. "Municipal provider" has the same meaning prescribed in section
35 45-561.

36 3. Stored water recovered outside the area of impact does not
37 include long-term storage credits issued to the Arizona water banking
38 authority or held by the Arizona water banking authority at any time.

39 4. "Well" includes a replacement well as prescribed in section
40 45-597 or 45-598.

1 Sec. 2. Section 45-494, Arizona Revised Statutes, is amended to
2 read:

3 45-494. Withdrawals by irrigation districts in initial active
4 management areas

5 In an initial active management area established pursuant to section
6 45-411:

7 1. An irrigation district existing and engaged in the withdrawal,
8 delivery and distribution of groundwater as of January 1, 1977 shall have
9 the right, subject to section 45-496 and section 45-493, subsection D:

10 (a) To withdraw and transport groundwater within its service area
11 for the benefit of landowners within its service area, and the landowners
12 are entitled to use the groundwater delivered, provided THAT claims of
13 landowners to irrigation grandfathered rights, ~~or~~ type 1 ~~or~~ NON-IRRIGATION
14 GRANDFATHERED RIGHTS OR TYPE 2 non-irrigation grandfathered rights OR
15 PURSUANT TO A TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER ISSUED
16 PURSUANT TO SECTION 45-465.05 shall be subject to article 5 of this
17 chapter.

18 (b) If legally withdrawing and transporting groundwater from
19 outside its service area for use within its service area as of January 1,
20 1977, to continue to withdraw and transport the amount of groundwater
21 legally being withdrawn as of January 1, 1977.

22 2. An irrigation district that was not engaged in the withdrawal,
23 delivery and distribution of groundwater as of January 1, 1977 shall be
24 limited to the right, subject to section 45-496, to:

25 (a) Contract for surface water from a multi-county water
26 conservation district and deliver and distribute such water within its
27 service area for irrigation purposes.

28 (b) If, as of January 1, 1983, the district had been recommended by
29 the director to receive an allocation of municipal and industrial water
30 from the central Arizona project, contract for surface water from a multi-
31 county water conservation district and deliver such surface water to
32 cities, towns or private water companies for municipal, industrial and
33 domestic purposes, subject to the following conditions:

34 (i) The cities, towns and private water companies shall distribute
35 the water within the boundaries of the district in effect as of the date
36 of validation of the district's central Arizona project subcontract.

37 (ii) In contracting for the delivery of such surface water, the
38 district shall offer the water, first, to cities and towns that distribute
39 water to land within the boundaries of the district or to land adjacent or
40 contiguous to the district and, second, if the cities or towns are
41 unwilling or unable to take and distribute such surface water, to private
42 water companies within the boundaries of the district that have not been
43 recommended to receive or have not received an allocation of municipal and
44 industrial water from the central Arizona project.

1 (iii) Notwithstanding article 5 of this chapter, the original owner
2 and any new owner of a type 1 non-irrigation grandfathered right created
3 pursuant to section 45-469 that is appurtenant to land in the district to
4 which such surface water is distributed by a city, town or private water
5 company may use groundwater withdrawn pursuant to that right only on the
6 land to which the right is appurtenant.

7 (iv) The district may amend its contract, or execute a new
8 contract, with the United States secretary of the interior and a
9 multi-county water conservation district to provide for the conversion of
10 irrigation water deliveries to municipal and industrial water deliveries
11 as provided by law and pursuant to the secretary's regulations relating to
12 conversion, but such amendment may be made or new contract executed only
13 if the amount of municipal and industrial water for which the district
14 would qualify by conversion of lands from irrigation to non-irrigation
15 uses exceeds the secretary's initial express allocation of municipal and
16 industrial water to the district for the year 2034 and only to the extent
17 of the excess.

18 (v) Such surface water shall not be distributed by any city, town
19 or private water company to any land with respect to which an allocation
20 of municipal and industrial water from the central Arizona project has
21 been made or recommended for some person other than the district.

22 (c) Contract to purchase, deliver and distribute effluent within
23 its service area for irrigation purposes.

24 (d) Withdraw, deliver and distribute within its service area the
25 amount of groundwater allowed by the current irrigation water duty of each
26 member farm multiplied by the water duty acres in that farm
27 ~~less~~, INCLUDING EACH MEMBER FARM AUTHORIZED TO USE GROUNDWATER FOR
28 IRRIGATION PURSUANT TO A TEMPORARY PERMIT TO IRRIGATE WITH GROUNDWATER
29 ISSUED PURSUANT TO SECTION 45-465.05, MINUS any portion of such amount
30 withdrawn by individual members.

31 (e) Continue but not expand any non-irrigation water service being
32 lawfully provided as of the date of the designation of the active
33 management area, except as provided in subdivision (b) of this paragraph
34 and in section 45-497, subsection B.

35 Sec. 3. Temporary permits to irrigate with groundwater; time
36 frame; fee; delayed repeal

37 A. On application by a holder of groundwater savings credits that
38 were issued before the effective date of this act, the director of the
39 department of water resources shall issue to the holder of groundwater
40 savings credits a temporary permit to irrigate with groundwater that
41 authorizes the use of groundwater subject to the limitations prescribed in
42 section 45-465.05, subsection P, Arizona Revised Statutes, as added by
43 this act.

1 B. The director of the department of water resources may not issue
2 a temporary permit to irrigate with groundwater to a holder of groundwater
3 savings credits that were issued before the effective date of this act if
4 either of the following has occurred:

5 1. More than two years have elapsed after the issuance of the
6 groundwater savings credits.

7 2. Any condition prescribed in section 45-465.05, subsection P,
8 paragraph 5, Arizona Revised Statutes, as added by the act, has occurred.

9 C. An application submitted pursuant to subsection A of this
10 section is subject to a new licensing time frame and application fee. The
11 licensing time frame and application fee shall be the same as the
12 licensing time frame and application fee established through rule for an
13 application to relinquish an irrigation grandfathered right in exchange
14 for groundwater savings credits under section 45-465.05, Arizona Revised
15 Statutes, as amended by this act.

16 D. This section is repealed from and after January 1, 2029.