

REFERENCE TITLE: groundwater transportation fee; counties; fund

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 2933

Introduced by
Representatives Biasiucci: Griffin

AN ACT

AMENDING SECTIONS 11-254.09 AND 45-556, ARIZONA REVISED STATUTES; RELATING
TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-254.09, Arizona Revised Statutes, is amended
3 to read:

4 11-254.09. Water improvements program; grants; requirements;
5 annual report

6 A. The board of supervisors may establish a program to allow
7 persons to make gifts, grants or donations for the purpose of providing
8 financial assistance to qualified owners of residential real property for
9 making improvements to an existing drinking water well or providing for a
10 water delivery system for the residence.

11 B. The board shall designate an entity to operate the program, to
12 establish criteria for grants and to award grants as prescribed by this
13 section. The entity may be a county agency, department or division or may
14 be a private, nonprofit corporation as determined by the board of
15 supervisors.

16 C. The program shall do all of the following:

17 1. Limit grant recipients to persons who are low-income or
18 fixed-income owners of residential property.

19 2. Develop application criteria and criteria for awarding grants.

20 3. Restrict a grant recipient's use of grant monies to deepening an
21 existing drinking water well for the recipient's residence or to plumbing
22 or replumbing the recipient's residence for a water delivery system.

23 D. EXCEPT AS PROVIDED IN SECTION 45-556, SUBSECTION G, the board of
24 supervisors may not use general county monies for grants under the
25 program.

26 E. The entity that operates the program shall make and submit to
27 the county board of supervisors, the president of the senate and the
28 speaker of the house of representatives on or before July 1 of each year a
29 report containing a description of program operations of the preceding
30 year, including the amount of gifts, grants or donations received and the
31 grants awarded.

32 Sec. 2. Section 45-556, Arizona Revised Statutes, is amended to
33 read:

34 45-556. Transportation fee; annual adjustment; credits;
35 enforcement

36 A. Except as provided in subsection B of this section, a person who
37 directly or indirectly transports groundwater, withdrawn in a groundwater
38 basin or ~~sub-basin~~ SUBBASIN as provided by this article or in the Pinal
39 active management area, away from the county in which it was withdrawn to
40 an initial active management area shall pay annually to the county a
41 groundwater transportation fee determined by the director for each
42 acre-foot of groundwater transported directly or indirectly away from the
43 county, less any amount of central Arizona project water actually used on
44 the property from which the groundwater is transported. THE FEES
45 COLLECTED PURSUANT TO THIS SUBSECTION ARE CONSIDERED GENERAL COUNTY MONIES
46 AND SHALL BE DEPOSITED IN THE COUNTY GENERAL FUND.

1 B. A person is not required to pay a transportation fee under this
 2 section for stored water withdrawn pursuant to recovery well permits
 3 issued by the director pursuant to this title.

4 C. Except as provided in subsection D of this section the director
 5 shall set the fee as follows for the cumulative amount of groundwater
 6 transported away from the county, less any amount of central Arizona
 7 project water actually used on the property from which the groundwater is
 8 transported:

9	<u>Net Groundwater Transported</u>	<u>Fee Per Acre-Foot</u>
10	0 - 1,000,000 acre-feet	\$ 3.00
11	1,000,001 - 2,000,000 acre-feet	\$ 5.00
12	2,000,001 - 3,000,000 acre-feet	\$ 7.50
13	3,000,001 - 4,000,000 acre-feet	\$10.00
14	4,000,001 - 5,000,000 acre-feet	\$15.00
15	Over 5,000,000 acre-feet	\$30.00

16 D. The director shall annually adjust the dollar amount of the fee
 17 according to the annual changes in the GDP price deflator, as defined in
 18 section 41-563, using the 1993 calendar year as the base year. The
 19 director shall immediately notify all concerned parties of the fee
 20 adjustments under this subsection.

21 E. Credits are allowed against the fees imposed by this section as
 22 described and in the amounts provided under this subsection. If the
 23 amount of the credit exceeds the amount of the fee imposed for any year,
 24 the unused portion of the credit may be carried forward and applied to
 25 subsequent years' fees until the amount of the credit is exhausted. The
 26 allowable credits are as follows:

27 1. The amount of any increase in property tax revenues, including
 28 contributions in lieu of property taxes under title 9, chapter 4, article
 29 3, derived from remote municipal property, as defined in section 42-15251,
 30 from which the groundwater is withdrawn. The credit shall account for
 31 increased revenues due to improvements to the property and increased
 32 revenues due to higher property tax valuations and assessment ratios
 33 resulting from changes in use of the property. The credit shall not
 34 account for increased revenues due to normal market or economic factors.
 35 The amount of the credit for any year is the sum of the amounts computed
 36 under subdivisions (a) and (b) OF THIS PARAGRAPH as follows:

37 (a) Delete from consideration under this subdivision any property
 38 with respect to which an amount is computed under subdivision (b) OF THIS
 39 PARAGRAPH. Subtract the amount of property tax or in lieu revenues that
 40 would have been derived from the remaining property during the immediately
 41 preceding tax year if the use of and improvements to the property had
 42 remained unchanged since the date the city or town acquired the property
 43 from the amount of property tax or in lieu revenues actually derived from
 44 that property during the immediately preceding tax year. If a city or
 45 town conveys all or part of its interest in remote municipal property to
 46 another political subdivision, the political subdivision succeeds to the

1 credit allowed under this section. The amount of credit computed under
2 this subdivision shall be computed each year, beginning in the year
3 groundwater is first transported, and, if not used to offset the fee
4 under this section, shall be cumulated from year to year.

5 (b) This subdivision applies with respect to any portion of the
6 remote municipal property that, before January 1, 1992, was classified at
7 that time as class four property for purposes of property taxation under
8 title 42 but was developed or improved at any time after December 31, 1991
9 and is not currently classified as class two property. Subtract the
10 amount of property tax or in lieu revenues that would have been derived
11 from that developed or improved portion of the remote municipal property
12 during the immediately preceding tax year if the use of and improvements
13 to the property had remained unchanged since the date the city or town
14 acquired the property from the amount of property tax or in lieu revenues
15 actually derived from that portion of the property during the immediately
16 preceding tax year. If a city or town conveys all or part of its interest
17 in remote municipal property to another political subdivision, the
18 political subdivision succeeds to the credit allowed under this
19 section. The amount of credit computed under this subdivision shall be
20 computed each year, beginning in the year that the property is developed
21 or improved and reclassified for tax purposes, and, if not used to offset
22 the fee under this section, shall be cumulated from year to year.

23 2. An amount equal to the market value of land donated to the
24 county if the county agrees in writing to prohibit or limit the withdrawal
25 of groundwater from the land. The amount of the credit shall account for
26 the reduced value of the land due to the groundwater withdrawal
27 limitations.

28 3. An amount agreed to by intergovernmental agreement between the
29 county in which the groundwater is withdrawn and the city, town or other
30 person transporting the groundwater.

31 F. The board of supervisors of a county to which fees are due and
32 payable under this section may request the county attorney to commence and
33 prosecute any action or proceeding to enforce the collection of the fees.

34 G. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A COUNTY THAT
35 ESTABLISHES A WATER IMPROVEMENTS PROGRAM PURSUANT TO SECTION 11-254.09 MAY
36 DESIGNATE AN AMOUNT OR PERCENTAGE OF THE TOTAL GROUNDWATER TRANSPORTATION
37 FEES RECEIVED TO BE USED UNDER THE WATER IMPROVEMENTS PROGRAM ONLY FOR
38 QUALIFIED OWNERS OF RESIDENTIAL PROPERTY WHO RESIDE WITHIN THE GROUNDWATER
39 BASIN OR SUBBASIN FROM WHICH THE GROUNDWATER WAS WITHDRAWN AND TRANSPORTED
40 AWAY. THE COUNTY SHALL SEPARATELY ACCOUNT FOR MONIES RECEIVED FROM THE
41 FEES IMPOSED PURSUANT TO SUBSECTION A OF THIS SECTION, AND ANY MONIES IN
42 EXCESS OF THE AMOUNT OR PERCENTAGE DESIGNATED BY THE COUNTY SHALL BE
43 DEPOSITED IN THE COUNTY GENERAL FUND.