

House Engrossed

water improvements program; water hauling

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

HOUSE BILL 2103

AN ACT

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

(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
10 WATER HAULING FOR WATER DELIVERY OR a water delivery system for the
11 residence.

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

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

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

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

21 3. Restrict a grant recipient's use of grant monies to deepening an
22 existing drinking water well for the recipient's residence, TO ACQUIRING
23 OR INSTALLING ONE OR MORE STORAGE TANKS FOR RECEIVING AND STORING WATER
24 DELIVERED THROUGH WATER HAULING or to plumbing or replumbing the
25 recipient's residence for a water delivery system.

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

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

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

37 45-556. Transportation fee; annual adjustment; credits;
38 enforcement

39 A. Except as provided in subsection B of this section, a person who
40 directly or indirectly transports groundwater, withdrawn in a groundwater
41 basin or ~~sub-basin~~ SUBBASIN as provided by this article or in the Pinal
42 active management area, away from the county in which it was withdrawn to
43 an initial active management area shall pay annually to the county a
44 groundwater transportation fee determined by the director for each

1 acre-foot of groundwater transported directly or indirectly away from the
2 county, less any amount of central Arizona project water actually used on
3 the property from which the groundwater is transported. THE FEES
4 COLLECTED PURSUANT TO THIS SUBSECTION ARE CONSIDERED GENERAL COUNTY MONIES
5 AND SHALL BE DEPOSITED IN THE COUNTY GENERAL FUND.

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

9 C. Except as provided in subsection D of this section the director
10 shall set the fee as follows for the cumulative amount of groundwater
11 transported away from the county, less any amount of central Arizona
12 project water actually used on the property from which the groundwater is
13 transported:

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

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

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

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

42 (a) Delete from consideration under this subdivision any property
43 with respect to which an amount is computed under subdivision (b) OF THIS
44 PARAGRAPH. Subtract the amount of property tax or in lieu revenues that

1 would have been derived from the remaining property during the immediately
2 preceding tax year if the use of and improvements to the property had
3 remained unchanged since the date the city or town acquired the property
4 from the amount of property tax or in lieu revenues actually derived from
5 that property during the immediately preceding tax year. If a city or
6 town conveys all or part of its interest in remote municipal property to
7 another political subdivision, the political subdivision succeeds to the
8 credit allowed under this section. The amount of credit computed under
9 this subdivision shall be computed each year, beginning in the year
10 groundwater is first transported, and, if not used to offset the fee under
11 this section, shall be cumulated from year to year.

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

30 2. An amount equal to the market value of land donated to the
31 county if the county agrees in writing to prohibit or limit the withdrawal
32 of groundwater from the land. The amount of the credit shall account for
33 the reduced value of the land due to the groundwater withdrawal
34 limitations.

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

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

1 G. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A COUNTY THAT
2 ESTABLISHES A WATER IMPROVEMENTS PROGRAM PURSUANT TO SECTION 11-254.09 MAY
3 DESIGNATE AN AMOUNT OR PERCENTAGE OF THE TOTAL GROUNDWATER TRANSPORTATION
4 FEES RECEIVED TO BE USED UNDER THE WATER IMPROVEMENTS PROGRAM ONLY FOR
5 QUALIFIED OWNERS OF RESIDENTIAL PROPERTY WHO RESIDE WITHIN THE GROUNDWATER
6 BASIN OR SUBBASIN FROM WHICH THE GROUNDWATER WAS WITHDRAWN AND TRANSPORTED
7 AWAY. THE COUNTY SHALL SEPARATELY ACCOUNT FOR MONIES RECEIVED FROM THE
8 FEES IMPOSED PURSUANT TO SUBSECTION A OF THIS SECTION, AND ANY MONIES IN
9 EXCESS OF THE AMOUNT OR PERCENTAGE DESIGNATED BY THE COUNTY SHALL BE
10 DEPOSITED IN THE COUNTY GENERAL FUND.