

House Engrossed

financial assurance; reclamation; escrow; trusts

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

HOUSE BILL 2278

AN ACT

AMENDING SECTIONS 27-991, 27-996, 27-1291 AND 27-1296, ARIZONA REVISED
STATUTES; RELATING TO FINANCIAL ASSURANCE FOR RECLAMATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 27-991, Arizona Revised Statutes, is amended to
3 read:

4 27-991. Financial assurance requirements; form

5 A. ~~Beginning April 1, 1997,~~ As required by this chapter, owners and
6 operators of exploration operations and mining units who create surface
7 disturbances shall provide financial assurance mechanisms to the inspector
8 as provided by this article.

9 B. Allowable financial assurance mechanisms for THE purposes of
10 this article include any or a combination of the following:

- 11 1. Surety bond.
- 12 2. Certificate of deposit.
- 13 3. Trust fund with pay-in period.
- 14 4. Letter of credit.
- 15 5. Insurance policy.
- 16 6. Certificate of self-insurance.
- 17 7. Cash deposit with the state treasurer.
- 18 8. Evidence of ability to meet a corporate financial test or
- 19 corporate guarantees as provided by 40 Code of Federal Regulations section
- 20 264.143(f).
- 21 9. Annuities.

22 10. CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT.

23 ~~10-~~ 11. Additional financial assurance mechanisms that are
24 acceptable to the inspector.

25 C. ALL INTEREST AND EARNINGS ACCRUED THROUGH A CASH DEPOSIT WITH A
26 THIRD-PARTY ESCROW OR TRUST ACCOUNT MADE PURSUANT TO SUBSECTION B,
27 PARAGRAPH 10 OF THIS SECTION, MINUS ANY APPLICABLE ADMINISTRATIVE FEES AND
28 COSTS IMPOSED BY THE THIRD-PARTY ESCROW OR TRUST ACCOUNT, ARE THE PROPERTY
29 OF THE OWNER OR OPERATOR OF EXPLORATION OPERATIONS AND MINING UNITS AND
30 MAY BE APPLIED TOWARD THE FINAL RECLAMATION COSTS. ON PARTIAL RELEASE OR
31 SUBSTITUTION OF MONIES DEPOSITED IN A THIRD-PARTY ESCROW OR TRUST ACCOUNT,
32 THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.

33 Sec. 2. Section 27-996, Arizona Revised Statutes, is amended to
34 read:

35 27-996. Release of financial assurance

36 A. An owner or operator may apply to the ~~state mine~~ inspector to
37 release all or part of the financial assurance provided under this
38 article. The application shall:

- 39 1. Describe the reclamation measures that have been performed.
- 40 2. Describe any surface disturbances included in the reclamation
- 41 plan that have not been disturbed.
- 42 3. Contain an estimate of the costs of reclamation measures that
- 43 have not been performed.

44 B. Within sixty days after receiving a complete application, the
45 inspector shall release all or part of the financial assurance except for

1 any amount that is necessary to perform the reclamation measures
2 identified in the reclamation plan. IF THE FINANCIAL ASSURANCE IS A
3 THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE
4 PROPORTIONAL SHARE OF ANY INTEREST EARNED. After the reclamation measures
5 have been performed, the remaining financial assurance shall be released,
6 except that ten per cent shall be retained for the costs of care,
7 monitoring and one reseeding, if necessary, for areas that have been
8 revegetated. The inspector shall release the retained monies after a
9 period of not more than three growing seasons after the supplemental
10 management or other man-induced inputs have been finally removed or as
11 otherwise provided in section 27-992, subsection B.

12 Sec. 3. Section 27-1291, Arizona Revised Statutes, is amended to
13 read:

14 27-1291. Financial assurance requirements; form

15 A. ~~On or before January 1, 2007,~~ As required by this chapter,
16 owners and operators of exploration operations and aggregate mining units
17 who create surface disturbances shall provide financial assurance
18 mechanisms to the inspector as provided by this article.

19 B. Allowable financial assurance mechanisms for purposes of this
20 article include any or a combination of the following:

- 21 1. Surety bond.
- 22 2. Certificate of deposit.
- 23 3. Trust fund with pay-in period.
- 24 4. Letter of credit.
- 25 5. Insurance policy.
- 26 6. Certificate of self-insurance.
- 27 7. Cash deposit with the state treasurer.
- 28 8. Evidence of ability to meet a corporate financial test or
29 corporate guarantees as provided by 40 Code of Federal Regulations section
30 264.143(f).

31 9. Annuities.

32 10. Bonding pools.

33 11. CASH DEPOSIT WITH A THIRD-PARTY ESCROW OR TRUST ACCOUNT.

34 ~~11.~~ 12. Additional financial assurance mechanisms that are
35 acceptable to the inspector.

36 C. ALL INTEREST AND EARNINGS ACCRUED THROUGH A CASH DEPOSIT WITH A
37 THIRD-PARTY ESCROW OR TRUST ACCOUNT MADE PURSUANT TO SUBSECTION B,
38 PARAGRAPH 10 OF THIS SECTION, MINUS ANY APPLICABLE ADMINISTRATIVE FEES AND
39 COSTS IMPOSED BY THE THIRD-PARTY ESCROW OR TRUST ACCOUNT, ARE THE PROPERTY
40 OF THE OWNER OR OPERATOR OF EXPLORATION OPERATIONS AND MINING UNITS AND
41 MAY BE APPLIED TOWARD THE FINAL RECLAMATION COSTS. ON PARTIAL RELEASE OR
42 SUBSTITUTION OF MONIES DEPOSITED IN A THIRD-PARTY ESCROW OR TRUST ACCOUNT,
43 THE INSPECTOR SHALL RELEASE THE PROPORTIONAL SHARE OF ANY INTEREST EARNED.

1 Sec. 4. Section 27-1296, Arizona Revised Statutes, is amended to
2 read:

3 27-1296. Release of financial assurance

4 A. An owner or operator may apply to the ~~state mine~~ inspector to
5 release all or part of the financial assurance provided under this
6 article. The application shall:

7 1. Describe the reclamation measures that have been performed.

8 2. Describe any surface disturbances proposed in the reclamation
9 plan that have not been disturbed.

10 3. Contain an estimate of the costs of reclamation measures that
11 have not been performed.

12 B. Within sixty days after receiving a complete application, the
13 inspector shall release all or part of the financial assurance except for
14 any amount that is necessary to perform the reclamation measures
15 identified in the reclamation plan. IF THE FINANCIAL ASSURANCE IS A
16 THIRD-PARTY ESCROW OR TRUST ACCOUNT, THE INSPECTOR SHALL RELEASE THE
17 PROPORTIONAL SHARE OF ANY INTEREST EARNED. After the reclamation measures
18 have been performed, the remaining financial assurance shall be released,
19 except that ten ~~per cent~~ PERCENT shall be retained for the costs of care,
20 monitoring and one reseeding, if necessary, for areas that have been
21 revegetated. The inspector shall release the retained monies after a
22 period of not more than three growing seasons after the supplemental
23 management or other man-induced inputs have been finally removed or as
24 otherwise provided in section 27-1292, subsection B.