

House Engrossed

municipal corporations; water supply; rates

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

HOUSE BILL 2328

AN ACT

AMENDING SECTION 9-511, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL UTILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 9-511, Arizona Revised Statutes, is amended to
3 read:

4 9-511. Power to engage in business of public nature; outside
5 water rates; right of eminent domain

6 A. A municipal corporation may engage in any business or enterprise
7 ~~which~~ THAT may be engaged in by persons by virtue of a franchise from the
8 municipal corporation, and may construct, purchase, acquire, own and
9 maintain within or without its corporate limits any such business or
10 enterprise. A municipal corporation may also purchase, acquire and own
11 real property for sites and rights-of-way for public utility and public
12 park purposes, and for the location thereon of waterworks, electric and
13 gas plants, municipal quarantine stations, garbage reduction plants,
14 electric lines for the transmission of electricity, ~~AND~~ pipelines for the
15 transportation of oil, gas, water and sewage, and for plants for the
16 manufacture of any material for public improvement purposes or public
17 buildings. If a municipality provides water to another municipality, the
18 rates it charges for the water to the public in the other municipality
19 shall be one of the following:

20 1. The same or less than the rates it charges its own residents for
21 water.

22 2. The same or less than the rates the other municipality charges
23 its residents for water.

24 3. If the other municipality does not provide water, the average
25 rates charged for water to the residents in the other municipality by
26 private water companies.

27 4. Rates determined by a contract ~~which~~ THAT is approved by both
28 municipalities and in which such rates are justified by a cost of service
29 study or by any other method agreed to by both municipalities.

30 B. ~~Nothing in~~ This section ~~shall~~ DOES NOT affect a surcharge on
31 water provided to another municipality adopted ~~prior to~~ BEFORE July 1,
32 1986 ~~provided that~~ IF the surcharge did not exceed thirty ~~per cent~~ PERCENT
33 of the rates the municipality providing the water ~~charges~~ CHARGED its own
34 residents and except that any increase in the percentage of such surcharge
35 proposed after August 13, 1986 shall be subject to the requirements of
36 this section.

37 C. The municipality may exercise the right of eminent domain either
38 within or without its corporate limits for the purposes as stated in
39 subsection A, and may establish, lay and operate a plant, electric line or
40 pipeline ~~upon~~ ON any land or right-of-way taken thereunder, and may
41 manufacture material for public improvement purposes and barter or
42 exchange it for other material to be used in public improvements in the
43 municipal corporation, or sell it to other municipal corporations for like
44 purposes, and for any and all such purposes.

1 D. NOTWITHSTANDING ANY OTHER LAW, A MUNICIPAL CORPORATION THAT IS
2 IN A COUNTY WITH A POPULATION OF MORE THAN ONE MILLION PERSONS AND LESS
3 THAN FOUR MILLION PERSONS AND THAT PROVIDES WATER TO RESIDENTS WHO LIVE
4 OUTSIDE OF THE BOUNDARIES OF THE MUNICIPALITY THAT THE MUNICIPAL
5 CORPORATION SERVES MAY NOT CHARGE A RATE FOR WATER TO THE RESIDENTS WHO
6 LIVE OUTSIDE OF THE BOUNDARIES OF THE MUNICIPALITY THAT THE MUNICIPAL
7 CORPORATION SERVES THAT IS GREATER THAN THE RATE FOR WATER THAT THE
8 MUNICIPAL CORPORATION CHARGES THE RESIDENTS WHO LIVE INSIDE THE BOUNDARIES
9 OF THE MUNICIPALITY THAT THE MUNICIPAL CORPORATION SERVES.