

REFERENCE TITLE: municipal corporations; water supply; rates

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

HB 2328

Introduced by
Representatives Marshall: Heap

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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