

REFERENCE TITLE: rainwater harvesting; appropriation

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

## HB 2650

Introduced by  
Representatives Liguori: Abeytia, Aguilar, Cavero, Connolly, De Los  
Santos, Gutierrez, Márquez, Peshlakai, Simacek, Stahl Hamilton

AN ACT

AMENDING SECTION 49-1332, ARIZONA REVISED STATUTES; AMENDING TITLE 49,  
CHAPTER 8, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 49-1336;  
APPROPRIATING MONIES; RELATING TO THE WATER INFRASTRUCTURE FINANCE  
AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 49-1332, Arizona Revised Statutes, is amended to  
3 read:

4 49-1332. Water conservation grant fund; purposes

5 A. Monies in the water conservation grant fund must facilitate  
6 voluntary water conservation programs or projects that are expected to  
7 result in at least one of the following:

- 8 1. Long-term reductions in water use.
- 9 2. Improvements in water use efficiency.
- 10 3. Improvements in water reliability.

11 B. Monies in the water conservation grant fund may be used for the  
12 following:

- 13 1. Education and research programs on how to reduce water  
14 consumption, increase water efficiency or increase water reuse.
- 15 2. Programs and projects for rainwater harvesting, **INCLUDING THOSE**  
16 **UNDERTAKEN PURSUANT TO THE RAINWATER HARVESTING PROGRAM ESTABLISHED BY**  
17 **SECTION 49-1336**, gray water systems, efficiency upgrades, installing  
18 drought-resistant landscaping, turf removal and other practices to reduce  
19 water use.
- 20 3. Programs or projects to promote groundwater recharge and  
21 improved aquifer health.
- 22 4. Programs or projects to improve groundwater conservation and  
23 surface water flows.
- 24 5. Landscape watershed protection, restoration and rehabilitation,  
25 including through green infrastructure and low-impact development to  
26 conserve or augment water supplies
- 27 6. Projects facilitating coordinated water management, including  
28 groundwater storage and recovery.
- 29 7. Programs or projects to reduce structural water overuse issues.
- 30 8. Program implementation and administration costs for eligible  
31 programs.

32 Sec. 2. Title 49, chapter 8, article 5, Arizona Revised Statutes,  
33 is amended by adding section 49-1336, to read:

34 49-1336. Rainwater harvesting program; eligibility;  
35 application; limitation; audit; definition

36 A. **THE RAINWATER HARVESTING PROGRAM IS ESTABLISHED IN THE AUTHORITY**  
37 **TO ASSIST AN ELIGIBLE ENTITY OR A NONGOVERNMENTAL ORGANIZATION THAT**  
38 **FOCUSES ON WATER CONSERVATION OR ENVIRONMENTAL PROTECTION THAT PARTNERS**  
39 **WITH AN ELIGIBLE ENTITY IN INSTALLING PASSIVE OR ACTIVE SYSTEMS TO COLLECT**  
40 **AND RETAIN RAINWATER ON-SITE. APPLICANTS SHALL SUBMIT PROJECT PLANS FOR**  
41 **APPROVAL BY THE AUTHORITY BEFORE RECEIVING ANY GRANT MONIES FOR**  
42 **REIMBURSEMENT. THE AUTHORITY SHALL MAKE AVAILABLE GRANT MONIES AS**  
43 **REIMBURSEMENTS FOR PROJECTS BASED ON THE SUBMITTAL DATE AND THE**  
44 **SUITABILITY OF A PROJECT PLAN.**

1 B. THE AUTHORITY SHALL ESTABLISH AN APPLICATION FORM AND PROJECT  
2 PLAN REQUIREMENTS THAT ARE CONSISTENT WITH THOSE ESTABLISHED FOR THE WATER  
3 CONSERVATION GRANT FUND PURSUANT TO THIS ARTICLE. TO RECEIVE APPROVAL AND  
4 GRANT MONIES FOR A PROJECT, THE PROJECT MUST COMPLY WITH ALL APPLICABLE  
5 ZONING, PERMITTING, BACKFLOW PREVENTION AND USE REQUIREMENTS FOR THE  
6 PROJECT AT THAT LOCATION.

7 C. THE RAINWATER HARVESTING PROGRAM SHALL PROVIDE FOR TWO LEVELS OF  
8 GRANTS AS FOLLOWS BASED ON THE TYPE OF PROJECT:

9 1. FOR LEVEL 1 GRANTS, THE FOLLOWING APPLY:

10 (a) THE PROJECT IS A SIMPLE AND PASSIVE RAINWATER HARVESTING  
11 SYSTEM.

12 (b) GRANT MONIES MAY BE USED TO REIMBURSE UP TO FIFTY PERCENT OR A  
13 MAXIMUM OF \$500 OF THE COST OF ELIGIBLE MATERIALS AND LABOR.

14 (c) COSTS ELIGIBLE FOR REIMBURSEMENT INCLUDE:

15 (i) SURFACE, SUBSURFACE AND CONVEYANCE FEATURES.

16 (ii) MULCH, SOIL AMENDMENTS AND ROCKS AND BOULDERS FOR  
17 REINFORCEMENT.

18 (iii) EQUIPMENT RENTAL, SUCH AS TILLERS, JACKHAMMERS AND TRENCHERS.

19 (iv) PERMIT COSTS AND COSTS FOR CURB CUTS AND CORING.

20 (v) LABOR FROM PERSONS WHO ARE LICENSED BY THE REGISTRAR OF  
21 CONTRACTORS IN THE SPECIFIC TRADE OR FIELD APPROPRIATE TO THE WORK  
22 PERFORMED.

23 2. FOR LEVEL 2 GRANTS, THE FOLLOWING APPLY:

24 (a) THE PROJECT IS AN ACTIVE AND MORE COMPLEX RAINWATER HARVESTING  
25 SYSTEM THAN A LEVEL 1 SYSTEM.

26 (b) GRANT MONIES MAY BE USED FOR THE FULL COST OF THE RAINWATER  
27 HARVESTING SYSTEM BASED ON THE CAPACITY OF THE RAIN STORAGE TANK, UP TO A  
28 MAXIMUM OF \$2,000, AS FOLLOWS:

29 (i) FOR A TANK WITH A CAPACITY OF FIFTY TO SEVEN HUNDRED  
30 NINETY-NINE GALLONS, \$.25 FOR EACH GALLON OF TANK CAPACITY.

31 (ii) FOR A TANK WITH A CAPACITY OF EIGHT HUNDRED GALLONS OR MORE,  
32 \$1 FOR EACH GALLON OF TANK CAPACITY.

33 (iii) THE \$.25 AND \$1 PER GALLON CAPACITY REBATE AMOUNTS INCLUDE  
34 THE COSTS OF THE TANK, GUTTER, TANK FOUNDATION, OVERFLOW AND MISCELLANEOUS  
35 MATERIALS THAT MAKE UP THE SYSTEM.

36 D. GRANT MONIES DO NOT COVER AND THE FOLLOWING ARE NOT REIMBURSABLE  
37 COSTS:

38 1. CONVEYANCE FEATURES THAT DIRECT RAINWATER OFF-SITE WITHOUT  
39 ENTERING AN APPROPRIATELY SIZED LANDSCAPE RETENTION FEATURE OR STORAGE  
40 TANK.

41 2. OVERFLOW FEATURES, SUCH AS A ROCK OR MULCH BASIN.

42 3. REMOVING AND REPLACING OLD GUTTERS.

43 4. IMPORTING SOIL TO CREATE PASSIVE RAIN GARDEN PRACTICES.

44 5. PURCHASING OR DELIVERING GRAVEL OR DECOMPOSED GRANITE AS A  
45 SURFACE COVER.

- 1           6. PURCHASING OR INSTALLING PRESSURIZING PUMPS OR ASSOCIATED  
2 CONTROLS.
- 3           7. PURCHASING OR INSTALLING IRRIGATION SYSTEMS OR BACKFLOW  
4 PREVENTION DEVICES THAT ARE OTHERWISE REQUIRED FOR A SITE WITH A PUMP  
5 SYSTEM FOR DISTRIBUTING NONMUNICIPAL POTABLE WATER.
- 6           8. PURCHASING OR INSTALLING LANDSCAPING MATERIALS, SUCH AS PLANTS,  
7 EDGING OR DECORATIVE GRAVEL.
- 8           9. LABOR THAT IS PROVIDED BY THE OWNER, A HANDYMAN OR ANY OTHER  
9 PERSON WHO IS NOT A LICENSED CONTRACTOR IN THIS STATE.
- 10          10. PURCHASING TOOLS, SUCH AS SHOVELS, RAKES, DRILL BITS AND GARDEN  
11 HOSES.
- 12          11. USED OR RECONDITIONED TANKS AND CISTERNS UNLESS APPROVED BY THE  
13 AUTHORITY.
- 14          E. THE AUTHORITY MAY INSPECT AND AUDIT A PROJECT THAT RECEIVES  
15 GRANT MONIES PURSUANT TO THIS SECTION.
- 16          F. FOR THE PURPOSES OF THIS SECTION, "ELIGIBLE ENTITY" HAS THE SAME  
17 MEANING PRESCRIBED IN SECTION 49-1301.
- 18          Sec. 3. Appropriation; water infrastructure finance authority  
19 of Arizona; rainwater harvesting grant program;  
20 exemption
- 21          A. The sum of \$\_\_\_\_\_ is appropriated from the state general  
22 fund in fiscal year 2026-2027 to the water conservation grant fund  
23 established by section 49-1331, Arizona Revised Statutes, to fund and  
24 administer the rainwater harvesting program established by section  
25 49-1336, Arizona Revised Statutes, as added by this act.
- 26          B. The appropriation made in subsection A of this section is exempt  
27 from the provisions of section 35-190, Arizona Revised Statutes, relating  
28 to lapsing of appropriations.