

House Engrossed

groundwater transportation fee; website; posting

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

# HOUSE BILL 2932

AN ACT

AMENDING SECTION 45-556, ARIZONA REVISED STATUTES; RELATING TO THE  
WITHDRAWAL OF GROUNDWATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 45-556, Arizona Revised Statutes, is amended to  
3 read:

4 45-556. Transportation fee; annual adjustment; credits;  
5 enforcement

6 A. Except as provided in subsection B of this section, a person who  
7 directly or indirectly transports groundwater, withdrawn in a groundwater  
8 basin or ~~sub-basin~~ SUBBASIN as provided by this article or in the Pinal  
9 active management area, away from the county in which it was withdrawn to  
10 an initial active management area shall pay annually to the county a  
11 groundwater transportation fee determined by the director for each  
12 acre-foot of groundwater transported directly or indirectly away from the  
13 county, less any amount of central Arizona project water actually used on  
14 the property from which the groundwater is transported.

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16 section for stored water withdrawn pursuant to recovery well permits  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

18 C. Except as provided in subsection D of this section the director  
19 shall set the fee as follows for the cumulative amount of groundwater  
20 transported away from the county, less any amount of central Arizona  
21 project water actually used on the property from which the groundwater is  
22 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

30 D. The director shall:  
31 1. WITHIN SIXTY DAYS AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO  
32 THIS SECTION, POST ON THE DEPARTMENT'S WEBSITE THE TABLE OF FEES  
33 ESTABLISHED PURSUANT TO SUBSECTION C OF THIS SECTION AND ANNUALLY UPDATE  
34 THE TABLE WITH THE ANNUAL CHANGE IN THE GDP PRICE DEFLATOR AND FEE  
35 ADJUSTMENTS DETERMINED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION.

36 2. Annually adjust the dollar amount of the fee according to the  
37 annual changes in the GDP price deflator, as defined in section 41-563,  
38 using the 1993 calendar year as the base year. The director shall  
39 immediately notify all concerned parties of the fee adjustments under this  
40 ~~subsection~~ PARAGRAPH.

41 E. Credits are allowed against the fees imposed by this section as  
42 described and in the amounts provided under this subsection. If the  
43 amount of the credit exceeds the amount of the fee imposed for any year,  
44 the unused portion of the credit may be carried forward and applied to

1 subsequent years' fees until the amount of the credit is exhausted. The  
2 allowable credits are as follows:

3 1. The amount of any increase in property tax revenues, including  
4 contributions in lieu of property taxes under title 9, chapter 4, article  
5 3, derived from remote municipal property, as defined in section 42-15251,  
6 from which the groundwater is withdrawn. The credit shall account for  
7 increased revenues due to improvements to the property and increased  
8 revenues due to higher property tax valuations and assessment ratios  
9 resulting from changes in use of the property. The credit shall not  
10 account for increased revenues due to normal market or economic  
11 factors. The amount of the credit for any year is the sum of the amounts  
12 computed under subdivisions (a) and (b) OF THIS PARAGRAPH as follows:

13 (a) Delete from consideration under this subdivision any property  
14 with respect to which an amount is computed under subdivision (b) OF THIS  
15 PARAGRAPH. Subtract the amount of property tax or in lieu revenues that  
16 would have been derived from the remaining property during the immediately  
17 preceding tax year if the use of and improvements to the property had  
18 remained unchanged since the date the city or town acquired the property  
19 from the amount of property tax or in lieu revenues actually derived from  
20 that property during the immediately preceding tax year. If a city or  
21 town conveys all or part of its interest in remote municipal property to  
22 another political subdivision, the political subdivision succeeds to the  
23 credit allowed under this section. The amount of credit computed under  
24 this subdivision shall be computed each year, beginning in the year  
25 groundwater is first transported, and, if not used to offset the fee  
26 under this section, shall be cumulated from year to year.

27 (b) This subdivision applies with respect to any portion of the  
28 remote municipal property that, before January 1, 1992, was classified at  
29 that time as class four property for purposes of property taxation under  
30 title 42 but was developed or improved at any time after December 31, 1991  
31 and is not currently classified as class two property. Subtract the  
32 amount of property tax or in lieu revenues that would have been derived  
33 from that developed or improved portion of the remote municipal property  
34 during the immediately preceding tax year if the use of and improvements  
35 to the property had remained unchanged since the date the city or town  
36 acquired the property from the amount of property tax or in lieu revenues  
37 actually derived from that portion of the property during the immediately  
38 preceding tax year. If a city or town conveys all or part of its interest  
39 in remote municipal property to another political subdivision, the  
40 political subdivision succeeds to the credit allowed under this  
41 section. The amount of credit computed under this subdivision shall be  
42 computed each year, beginning in the year that the property is developed  
43 or improved and reclassified for tax purposes, and, if not used to offset  
44 the fee under this section, shall be cumulated from year to year.

1           2. An amount equal to the market value of land donated to the  
2 county if the county agrees in writing to prohibit or limit the withdrawal  
3 of groundwater from the land. The amount of the credit shall account for  
4 the reduced value of the land due to the groundwater withdrawal  
5 limitations.

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

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