

REFERENCE TITLE: long-term storage accounts; credits; percentage

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1387

Introduced by
Senator Sundareshan

AN ACT

AMENDING SECTION 45-852.01, ARIZONA REVISED STATUTES; RELATING TO
UNDERGROUND WATER STORAGE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 45-852.01, Arizona Revised Statutes, is amended
3 to read:

4 45-852.01. Long-term storage accounts

5 A. The director shall establish one long-term storage account for
6 each person holding long-term storage credits. The director shall
7 establish subaccounts within the long-term storage account according to
8 each active management area, irrigation non-expansion area, groundwater
9 basin or groundwater subbasin in which the person's stored water is
10 located. The long-term storage account shall be further subdivided by
11 type of water, if the person holds long-term storage credits for more than
12 one type of water.

13 B. Water stored pursuant to a water storage permit at a storage
14 facility may be credited to a long-term storage account if the director
15 determines that all of the following apply:

16 1. Either:

17 (a) The water that was stored was water that cannot reasonably be
18 used directly.

19 (b) The water was stored in a groundwater savings facility located
20 in an active management area that does not have a management goal of
21 achieving or maintaining a safe yield condition, the water was stored
22 between January 1, 2020 and December 31, 2026 and the director determines
23 that the storage assists in implementing within this state a drought
24 contingency plan for the lower basin of the Colorado River. The total
25 maximum amount that may qualify under this subdivision is fifteen thousand
26 acre-feet per year.

27 2. If the stored water was stored at a storage facility within an
28 active management area, either:

29 (a) The water would not have been naturally recharged within the
30 active management area.

31 (b) If the water was stored at a managed underground storage
32 facility that has been designated as a facility that could add value to a
33 national park, national monument or state park and the water stored is
34 effluent, the water stored is water that could have been used or disposed
35 of by the storer by means other than discharging the effluent into the
36 stream.

37 3. The stored water was not recovered on an annual basis pursuant
38 to section 45-851.01.

39 C. The director shall credit ~~ninety-five~~ SEVENTY percent of the
40 recoverable amount of stored water that meets the requirements of
41 subsection B of this section to the storer's long-term storage account,
42 except that:

43 1. If the water was stored at a managed underground storage
44 facility that does not qualify as an existing effluent managed underground
45 storage facility and that had not been designated at the time of storage

as a facility that could add value to a national park, national monument or state park and the water stored is effluent, the director shall credit to the storer's long-term storage account fifty percent of the recoverable amount of water that meets the requirements of subsection B of this section. For storage of effluent in a managed underground storage facility that is located in a recreational corridor channelization district established pursuant to title 48, chapter 35, the director may increase the storage credits earned from fifty percent to ninety-five percent if both of the following apply:

(a) The effluent was not discharged into the stream where the facility is located before the permit application for that facility was filed.

(b) The director determines that the storage of effluent in the facility will provide a greater benefit to aquifer conditions in the active management area or, if outside an active management area, to the groundwater basin than would accrue to the active management area or groundwater basin if the effluent is used or disposed of in another manner.

2. If the water was stored at a groundwater savings facility and the storer has not met the burden of proving that one hundred percent of the in lieu water was used on a gallon-for-gallon substitute basis for groundwater, the director shall credit to the storer's long-term storage account only the percentage of the in lieu water that meets the requirements of subsection B of this section and that was proven to the director's satisfaction as being used on a gallon-for-gallon substitute basis for groundwater.

3. The director shall credit to the storer's long-term storage account ninety percent of the recoverable amount of the water that meets the requirements of subsection B of this section if all of the following apply:

(a) The stored water was central Arizona project water that qualifies as water that cannot reasonably be used directly due solely to the exclusion of groundwater withdrawn by the storer for mineral extraction or metallurgical processing under section 45-802.01, paragraph 23, subdivision (c).

(b) The storer was engaged in mineral extraction and metallurgical processing within an initial active management area on or before January 1, 2011.

(c) All exterior boundaries of the storage facility that is used to store the stored water are more than twenty miles from a well owned by the storer on January 1, 2012 and that well is not an exempt well and any one or more of the following apply:

(i) The well is an existing well as defined in section 45-591, paragraph 1.

1 (ii) The department has issued a permit for the well under section
2 45-599, subsection C.

3 (iii) The well was drilled pursuant to a mineral extraction and
4 metallurgical processing permit issued by the department under section
5 45-514.

6 4. Except as otherwise provided in paragraph 2 of this subsection,
7 the director shall credit to the storer's long-term storage account or
8 conservation district account one hundred percent of the recoverable
9 amount of water that meets the requirements of subsection B of this
10 section if any of the following applies:

11 (a) The water stored was effluent that was stored at a constructed
12 underground storage facility, a groundwater savings facility or a managed
13 underground storage facility that was designated at the time of storage as
14 a facility that could add value to a national park, national monument or
15 state park.

16 (b) The water was stored in an active management area and the
17 stored water is water from outside the active management area that would
18 not have reached the active management area without the efforts of the
19 holder of the long-term storage credits.

20 (c) The water was stored outside an active management area and the
21 stored water is water from outside the groundwater basin in which the
22 water was stored that would not have reached the groundwater basin without
23 the efforts of the holder of the long-term storage credits.

24 (d) The water was stored for purposes of establishing and
25 maintaining a replenishment reserve pursuant to section 48-3772,
26 subsection E.

27 (e) The water was stored for replenishment purposes pursuant to
28 section 48-3771 and credited directly to a conservation district account
29 pursuant to section 45-859.01, subsection E.

30 D. The director shall credit a person's long-term storage account
31 by the amount of long-term storage credits assigned to that person by
32 another holder of long-term storage credits pursuant to section 45-854.01.

33 E. The director shall debit the appropriate subaccount of a
34 person's long-term storage account:

35 1. One hundred percent of the amount of stored water that the
36 holder of the long-term storage credits has recovered during the calendar
37 year pursuant to the permit.

38 2. The amount of long-term storage credits that the person has
39 assigned to another person or transferred to a master replenishment
40 account, conservation district account or water district account.

41 3. If the water was stored in an active management area, the amount
42 of water during the calendar year that migrates to a location outside the
43 active management area or to a location within the active management area
44 where it cannot be beneficially used within a reasonable period of time by
45 persons other than the storer with rights to withdraw and use groundwater.

1 4. If the water was stored outside of an active management area,
2 the amount of water during the calendar year that migrates to a location
3 outside the groundwater basin in which the storage facility is located or
4 to a location in the groundwater basin where it cannot be beneficially
5 used within a reasonable period of time by persons other than the storer
6 with rights to withdraw and use groundwater.

7 5. The amount of long-term storage credits that the storer,
8 pursuant to section 45-853.01, subsection B, has applied to offset
9 groundwater withdrawn or used in excess of the storer's per capita
10 municipal conservation requirements under the second management plan.

11 6. The amount of long-term storage credits that are held by the
12 Arizona water banking authority and that the authority has chosen to
13 extinguish.

14 F. To the extent the total amount of water withdrawn by a person
15 from wells designated as recovery wells pursuant to section 45-834.01
16 during a calendar year exceeds the amount of stored water recovered by the
17 person on an annual basis pursuant to section 45-851.01 and the amount of
18 long-term storage credits recovered by the person, the excess amount of
19 water recovered shall be considered groundwater withdrawn pursuant to
20 chapter 2 of this title.