

REFERENCE TITLE: assured water supply; building permits

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

SB 1530

Introduced by
Senator Sundareshan

AN ACT

AMENDING SECTION 45-576, ARIZONA REVISED STATUTES; RELATING TO THE
GROUNDWATER CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 45-576, Arizona Revised Statutes, is amended to read:

45-576. Certificates of assured water supply; designated cities, towns and private water companies; exemptions; rules; definition

A. Except as provided in subsections G and J of this section, a person who proposes to offer ~~subdivided lands, as defined in section 32-2101,~~ ONE OR MORE LOTS, PARCELS OR FRACTIONAL INTERESTS IN LAND for sale or lease, WITHOUT REGARD TO THE DURATION OF THE LEASE, in an active management area shall apply for and obtain a certificate of assured water supply from the director before presenting the plat for approval to the city, town or county in which the land is located, where such is required, and before filing with the state real estate commissioner a notice of intention to offer such ~~lands~~ LOTS, PARCELS OR FRACTIONAL INTERESTS IN LAND for sale or lease, ~~pursuant to section 32-2181,~~ unless the ~~subdivider~~ PERSON has obtained a written commitment of water service for the ~~subdivision~~ PROPERTY from a city, town or private water company designated as having an assured water supply pursuant to this section.

B. Except as provided in subsections G and J of this section, a city, town or county may approve a ~~subdivision~~ plat only if the ~~subdivider~~ PERSON PRESCRIBED BY SUBSECTION A OF THIS SECTION has obtained a certificate of assured water supply from the director or the ~~subdivider~~ PERSON has obtained a written commitment of water service for the ~~subdivision~~ PROPERTY from a city, town or private water company designated as having an assured water supply pursuant to this section. The city, town or county shall note on the face of the approved plat that a certificate of assured water supply has been submitted with the plat or that the ~~subdivider~~ PERSON PRESCRIBED BY SUBSECTION A OF THIS SECTION has obtained a written commitment of water service for the proposed ~~subdivision~~ DEVELOPMENT from a city, town or private water company designated as having an assured water supply pursuant to this section. FOR A PROPERTY THAT DOES NOT REQUIRE APPROVAL OF A PLAT, THE CITY, TOWN OR COUNTY MAY APPROVE A BUILDING PERMIT FOR THE PROPERTY ONLY IF THE PROPERTY, INCLUDING RESIDENTIAL, COMMERCIAL AND INDUSTRIAL DEVELOPMENT, HAS A CERTIFICATE OF ASSURED WATER SUPPLY FROM THE DIRECTOR OR A WRITTEN COMMITMENT OF WATER SERVICE FROM A CITY, TOWN OR PRIVATE WATER COMPANY DESIGNATED AS HAVING AN ASSURED WATER SUPPLY PURSUANT TO THIS SECTION.

C. Except as provided in subsections G and J of this section, the state real estate commissioner may issue a public report authorizing the sale or lease of subdivided lands AS DEFINED IN SECTION 32-2101 only on compliance with either of the following:

1. The subdivider, owner or agent has paid any activation fee required under section 48-3772, subsection A, paragraph 7 and any replenishment reserve fee required under section 48-3774.01, subsection A,

1 paragraph 2 and has obtained a certificate of assured water supply from
2 the director.

3 2. The subdivider has obtained a written commitment of water
4 service for the lands from a city, town or private water company
5 designated as having an assured water supply pursuant to this section and
6 the subdivider, owner or agent has paid any activation fee required under
7 section 48-3772, subsection A, paragraph 7.

8 D. The director shall designate private water companies in active
9 management areas that have an assured water supply. If a city or town
10 acquires a private water company that has contracted for central Arizona
11 project water, the city or town shall assume the private water company's
12 contract for central Arizona project water.

13 E. The director shall designate cities and towns in active
14 management areas where an assured water supply exists. If a city or town
15 has entered into a contract for central Arizona project water, the city or
16 town is deemed to continue to have an assured water supply until December
17 31, 1997. Commencing on January 1, 1998, the determination that the city
18 or town has an assured water supply is subject to review by the director
19 and the director may determine that a city or town does not have an
20 assured water supply.

21 F. The director shall notify the mayors of all cities and towns in
22 active management areas and the chairmen of the boards of supervisors of
23 counties in which active management areas are located of the cities, towns
24 and private water companies designated as having an assured water supply
25 and any modification of that designation within thirty days after the
26 designation or modification. If the service area of the city, town or
27 private water company has qualified as a member service area pursuant to
28 title 48, chapter 22, article 4, the director shall also notify the
29 conservation district of the designation or modification and shall report
30 the projected average annual replenishment obligation for the member
31 service area based on the projected and committed average annual demand
32 for water within the service area during the effective term of the
33 designation or modification subject to any limitation in an agreement
34 between the conservation district and the city, town or private water
35 company. For each city, town or private water company that qualified as a
36 member service area under title 48, chapter 22 and that was designated as
37 having an assured water supply before January 1, 2004, the director shall
38 report to the conservation district on or before January 1, 2005 the
39 projected average annual replenishment obligation based on the projected
40 and committed average annual demand for water within the service area
41 during the effective term of the designation subject to any limitation in
42 an agreement between the conservation district and the city, town or
43 private water company. Persons proposing to offer subdivided lands served
44 by those designated cities, towns and private water companies for sale or

1 lease are exempt from applying for and obtaining a certificate of assured
2 water supply.

3 G. This section does not apply in the case of the sale of lands for
4 developments that are subject to a mineral extraction and metallurgical
5 processing permit or an industrial use permit pursuant to sections 45-514
6 and 45-515.

7 H. The director shall adopt rules to carry out the purposes of this
8 section. The rules shall provide for a reduction in water demand for an
9 application for a designation of assured water supply or a certificate of
10 assured water supply if a gray water reuse system will be installed that
11 meets the requirements of the rules adopted by the department of
12 environmental quality for gray water systems and if the application is for
13 a certificate of assured water supply, the land for which the certificate
14 is sought must qualify as a member land in a conservation district
15 pursuant to title 48, chapter 22, article 4. For the purposes of this
16 subsection, "gray water" has the same meaning prescribed in section
17 49-201.

18 I. If the director designates a municipal provider as having an
19 assured water supply under this section and the designation lapses or
20 otherwise terminates while the municipal provider's service area is a
21 member service area of a conservation district, the municipal provider or
22 its successor shall continue to comply with the consistency with
23 management goal requirements in the rules adopted by the director under
24 subsection H of this section as if the designation was still in effect
25 with respect to the municipal provider's designation uses. When
26 determining compliance by the municipal provider or its successor with the
27 consistency with management goal requirements in the rules, the director
28 shall consider only water delivered by the municipal provider or its
29 successor to the municipal provider's designation uses. A person is the
30 successor of a municipal provider if the person commences water service to
31 uses that were previously designation uses of the municipal provider. Any
32 groundwater delivered by the municipal provider or its successor to the
33 municipal provider's designation uses in excess of the amount allowed
34 under the consistency with management goal requirements in the rules shall
35 be considered excess groundwater for purposes of title 48, chapter 22.
36 For the purposes of this subsection, "designation uses" means all water
37 uses served by a municipal provider on the date the municipal provider's
38 designation of assured water supply lapses or otherwise terminates and all
39 recorded lots within the municipal provider's service area that were not
40 being served by the municipal provider on that date but that received
41 final plat approval from a city, town or county on or before that date.
42 Designation uses do not include industrial uses served by an irrigation
43 district under section 45-497.

1 J. Subsections A, B and C of this section do not apply to a person
2 who proposes to offer subdivided land for sale or lease in an active
3 management area if all the following apply:

4 1. The director issued a certificate of assured water supply for
5 the land to a previous owner of the land and the certificate was
6 classified as a type A certificate under rules adopted by the director
7 pursuant to subsection H of this section.

8 2. The director has not revoked the certificate of assured water
9 supply described in paragraph 1 of this subsection, and proceedings to
10 revoke the certificate are not pending before the department or a court.
11 The department shall post on its website a list of all certificates of
12 assured water supply that have been revoked or for which proceedings are
13 pending before the department or a court.

14 3. The plat submitted to the department in the application for the
15 certificate of assured water supply described in paragraph 1 of this
16 subsection has not changed.

17 4. Water service is currently available to each lot within the
18 subdivided land and the water provider listed on the certificate of
19 assured water supply described in paragraph 1 of this subsection has not
20 changed.

21 5. The subdivided land qualifies as a member land under title 48,
22 chapter 22 and the subdivider has paid any activation fee required under
23 section 48-3772, subsection A, paragraph 7 and any replenishment reserve
24 fee required under section 48-3774.01, subsection A, paragraph 2.

25 6. The plat is submitted for approval to a city, town or county
26 that is listed on the department's website as a qualified platting
27 authority.

28 K. Subsection J of this section does not affect the assignment of a
29 certificate of assured water supply as prescribed by section 45-579.

30 L. On or before December 31, 2023, the director shall study and
31 submit to the governor, president of the senate and speaker of the house
32 of representatives a report on whether and how a person that seeks a
33 building permit for six or more residences within an active management
34 area, without regard to any proposed lease term for those residences,
35 should apply for and obtain a certificate of assured water supply from the
36 director before presenting the permit application for approval to the
37 county in which the land is located, unless the applicant has obtained a
38 written commitment of water service for the residences from a city, town
39 or private water company designated as having an assured water supply
40 pursuant to this section.

41 M. For the purposes of this section, the director shall find that
42 any volume of groundwater or stored water recovered outside the area of
43 impact of storage that is subject to groundwater savings credits issued
44 pursuant to section 45-465.05 or rules adopted by the director pursuant to
45 section 45-465.05, subsection L and pledged to an application for a

1 certificate or designation of assured water supply is exempt from the
2 physical availability requirement for an assured water supply. This
3 subsection does not exempt:

4 1. Any volume of groundwater or stored water recovered outside the
5 area of impact of storage that is subject to groundwater savings credits
6 from any requirement for an assured water supply other than the physical
7 availability requirement.

8 2. A water supply to be stored underground from the requirement to
9 demonstrate that the supply will be physically available for storage.

10 N. For the purposes of this section, "assured water supply" means
11 all of the following:

12 1. Sufficient groundwater, surface water or effluent of adequate
13 quality will be continuously available to satisfy the water needs of the
14 proposed use for at least one hundred years. Beginning January 1 of the
15 calendar year following the year in which a groundwater replenishment
16 district is required to submit its preliminary plan pursuant to section
17 45-576.02, subsection A, paragraph 1, with respect to an applicant that is
18 a member of the district, "sufficient groundwater" for the purposes of
19 this paragraph means that the proposed groundwater withdrawals that the
20 applicant will cause over a period of one hundred years will be of
21 adequate quality and will not exceed, in combination with other
22 withdrawals from land in the replenishment district, a depth to water of
23 one thousand feet or the depth of the bottom of the aquifer, whichever is
24 less. In determining depth to water for the purposes of this paragraph,
25 the director shall consider the combination of:

26 (a) The existing rate of decline.

27 (b) The proposed withdrawals.

28 (c) The expected water requirements of all recorded lots that are
29 not yet served water and that are located in the service area of a
30 municipal provider.

31 2. The projected groundwater use is consistent with the management
32 plan and achievement of the management goal for the active management
33 area.

34 3. The financial capability has been demonstrated to construct the
35 water facilities necessary to make the supply of water available for the
36 proposed use, including a delivery system and any storage facilities or
37 treatment works. The director may accept evidence of the construction
38 assurances required by section 9-463.01, 11-822 or 32-2181 to satisfy this
39 requirement.