

Senate Engrossed

cap; water supply development fund

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

SENATE BILL 1560

AN ACT

AMENDING SECTION 49-1273, ARIZONA REVISED STATUTES; 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 49-1273, Arizona Revised Statutes, is amended to
3 read:

4 49-1273. Water supply development revolving fund; purposes

5 A. Monies in the water supply development revolving fund may be
6 used for the following purposes:

7 1. Making loans to eligible entities in this state under section
8 49-1274 for water supply development projects within this state. A single
9 loan shall not exceed ~~\$3,000,000~~ \$20,000,000.

10 2. Making grants or providing technical assistance to eligible
11 entities for water supply development projects in this state. A single
12 grant shall not exceed \$2,000,000.

13 3. Purchasing or refinancing debt obligations of water providers at
14 or below market rate if the debt obligation was issued for a water supply
15 development purpose.

16 4. Providing financial assistance to water providers with bonding
17 authority to purchase insurance for local bond obligations incurred by
18 them for water supply development purposes.

19 5. Paying the costs to administer the fund.

20 6. Conducting water supply studies.

21 B. If the monies pledged to secure water supply development bonds
22 issued pursuant to section 49-1278 become insufficient to pay the
23 principal and interest on the water supply development bonds guaranteed by
24 the water supply development revolving fund, the authority shall direct
25 the state treasurer to liquidate securities in the fund as may be
26 necessary and shall apply those proceeds to make current all payments then
27 due on the bonds. The state treasurer shall immediately notify the
28 attorney general and auditor general of the insufficiency. The auditor
29 general shall audit the circumstances surrounding the depletion of the
30 fund and report the findings to the attorney general. The attorney
31 general shall conduct an investigation and report those findings to the
32 governor and the legislature.