

REFERENCE TITLE: water withdrawal fee; state lands

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

## **SCR 1039**

Introduced by  
Senator Sundareshan

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING  
TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of  
2 Representatives concurring:

3 1. Under the power of the referendum, as vested in the Legislature,  
4 the following measure, relating to water, is enacted to become valid as a  
5 law if approved by the voters and on proclamation of the Governor:

6 AN ACT

7 AMENDING TITLE 45, CHAPTER 1, ARTICLE 1, ARIZONA REVISED  
8 STATUTES, BY ADDING SECTION 45-120; AMENDING SECTION 45-2112,  
9 ARIZONA REVISED STATUTES; RELATING TO WATER.

10 Be it enacted by the legislature of the state of Arizona:

11 Section 1. Title 45, chapter 1, article 1, Arizona  
12 Revised Statutes, is amended by adding section 45-120, to  
13 read:

14 45-120. Water withdrawal fee; state land; rules;  
15 definition

16 A. THE DIRECTOR SHALL:

17 1. ESTABLISH BY RULE AND COLLECT A WATER WITHDRAWAL FEE  
18 FOR ANY GROUNDWATER THAT IS WITHDRAWN FROM STATE LANDS. RULES  
19 ADOPTED PURSUANT TO THIS SECTION SHALL:

20 (a) DETERMINE THE FAIR MARKET VALUE OF WATER WITHDRAWN  
21 ON STATE LAND.

22 (b) DEFINE LARGE-VOLUME WATER USE.

23 (c) INCLUDE PUBLIC REPORTING, MONITORING AND OTHER  
24 COMPLIANCE REQUIREMENTS.

25 2. BASE THE WATER WITHDRAWAL FEE ON THE FAIR MARKET  
26 VALUE OF WATER WITHDRAWN FROM STATE LANDS. TO ENSURE EQUITABLE  
27 CONTRIBUTION TO THE WATER MANAGEMENT OF THIS STATE AND  
28 CONSERVATION NEEDS, THE DIRECTOR MAY ASSESS A TIERED FEE  
29 STRUCTURE AND A HIGHER GROUNDWATER WITHDRAWAL FEE ON WATER  
30 THAT A LARGE-VOLUME WATER USER WITHDRAWS.

31 3. RETAIN NOT MORE THAN TEN PERCENT OF MONIES COLLECTED  
32 PURSUANT TO THIS SECTION TO ADMINISTER THE WATER WITHDRAWAL  
33 FEE.

34 4. DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147,  
35 NINETY PERCENT OF MONIES COLLECTED PURSUANT TO THIS SECTION  
36 EVENLY AMONG THE ARIZONA WATER PROTECTION FUND ESTABLISHED BY  
37 SECTION 45-2111 AND THE WATER CONSERVATION GRANT FUND  
38 ESTABLISHED BY SECTION 49-1331.

39 5. EVERY FIVE YEARS, REASSESS THE FAIR MARKET VALUE OF  
40 WATER WITHDRAWN ON STATE LAND AND UPDATE THE WATER WITHDRAWAL  
41 FEE.

42 B. FOR THE PURPOSES OF THIS SECTION, "STATE LANDS"  
43 MEANS ANY LAND THAT IS OWNED OR HELD IN TRUST, OR OTHERWISE,  
44 BY THIS STATE, INCLUDING LEASED SCHOOL OR UNIVERSITY LAND.

1           Sec. 2. Section 45-2112, Arizona Revised Statutes, is  
2 amended to read:

3           45-2112. Funding sources

4           A. The fund shall consist of monies collected pursuant  
5 to ~~section~~ SECTIONS 45-120 AND 48-3715.05.

6           B. In addition to the amounts prescribed in subsection  
7 A of this section the fund may accept any gifts, grants or  
8 donations.

9           Sec. 3. Purpose

10          The purpose of this act is as follows:

11          1. To authorize the department of water resources to  
12 establish and administer a water withdrawal fee on all water  
13 that is withdrawn from land owned or held in trust, or  
14 otherwise, by this state, including leased school or  
15 university land.

16          2. Dedicate monies collected pursuant to this act to  
17 statewide water conservation.

18          2. The Secretary of State shall submit this proposition to the  
19 voters at the next general election as provided by article IV, part 1,  
20 section 1, Constitution of Arizona.