

House Engrossed Senate Bill

groundwater replenishment; member lands; areas

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## CHAPTER 224

# SENATE BILL 1181

AN ACT

AMENDING SECTIONS 48-3771, 48-3775, 48-3778, 48-3780 AND 48-3781, ARIZONA  
REVISED STATUTES; RELATING TO MULTI-COUNTY WATER CONSERVATION DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-3771, Arizona Revised Statutes, is amended to  
3 read:

4 48-3771. District replenishment obligations; replenishment  
5 location; source of replenishment; exception

6 A. For each active management area in which member lands or member  
7 service areas are or may be located, the district shall replenish  
8 groundwater in an amount equal to the groundwater replenishment obligation  
9 for that active management area. Except as provided in section 48-3781,  
10 subsection G, the district shall complete the replenishment of the  
11 groundwater replenishment obligation of that active management area  
12 applicable to a particular year within three full calendar years after the  
13 year that the district incurs the groundwater replenishment obligation.  
14 Replenishment of the groundwater replenishment obligation of an active  
15 management area applicable to a particular year is complete when the  
16 amount of water added to aquifers through water storage that has been  
17 credited directly to the district's conservation district account pursuant  
18 to title 45, chapter 3.1, plus long-term storage credits that have been  
19 transferred from the district's long-term storage account to its  
20 conservation district account pursuant to title 45, chapter 3.1, less the  
21 groundwater replenishment obligation of member lands and member service  
22 areas located in the active management area and applicable to previous  
23 years, less the contract replenishment obligations relative to municipal  
24 providers in the active management area for previous years and the year of  
25 the calculation, equals or exceeds the groundwater replenishment  
26 obligation of the active management area for that year.

27 B. With respect to the portion of the groundwater replenishment  
28 obligation attributable to a parcel of member land or a member service  
29 area, the district shall replenish groundwater in the active management  
30 area where the parcel of member land or the member service area is located  
31 in an amount equal to the groundwater replenishment obligation applicable  
32 to that parcel of member land or that member service area.

33 C. Except as provided by title 45, chapter 3.1, the district may  
34 replenish groundwater with central Arizona project water or water from any  
35 other lawfully available source except groundwater withdrawn from within  
36 an active management area.

37 D. Notwithstanding any other provision of this chapter, if a parcel  
38 of member land is included in the service area of a municipal provider  
39 that is not a member service area but that has been designated as having  
40 an assured water supply under section 45-576, the parcel of member land  
41 has no parcel replenishment obligation and the district has no groundwater  
42 replenishment obligation attributable to that parcel of member land for as  
43 long as the designation remains in effect.

44 E. Notwithstanding any other provision of this chapter **AND EXCEPT**  
45 **AS PROVIDED IN SUBSECTION F OF THIS SECTION**, if a parcel of member land is

1 included in the service area of a municipal provider that is a member  
2 service area and that has been designated as having an assured water  
3 supply under section 45-576, the parcel of member land has no further  
4 parcel replenishment obligation.

5 F. AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, A  
6 MUNICIPAL PROVIDER THAT SUBMITS AN APPLICATION FOR A NEW DESIGNATION OF  
7 ASSURED WATER SUPPLY PURSUANT TO RULES ADOPTED BY THE DEPARTMENT OF WATER  
8 RESOURCES IN THE PHOENIX ACTIVE MANAGEMENT AREA THAT RELIES ON A MEMBER  
9 SERVICE AREA AGREEMENT MAY ELECT FOR ALL PARCELS OF MEMBER LAND IN THE  
10 MUNICIPAL SERVICE AREA TO RETAIN A REPLENISHMENT OBLIGATION. FOR PARCELS  
11 OF MEMBER LAND THAT RETAIN A REPLENISHMENT OBLIGATION, THE DISTRICT SHALL  
12 REPLENISH GROUNDWATER IN AN AMOUNT EQUAL TO THE OBLIGATION APPLICABLE TO  
13 THAT PARCEL OF MEMBER LAND.

14 G. IF, PURSUANT TO SUBSECTION F OF THIS SECTION, A MUNICIPAL  
15 PROVIDER'S SERVICE AREA CONTAINS MEMBER LANDS AND THE MUNICIPAL PROVIDER  
16 APPLIES TO BECOME DESIGNATED AS HAVING AN ASSURED WATER SUPPLY, THE  
17 MUNICIPAL PROVIDER SHALL NOTIFY THE DISTRICT AND THE DIRECTOR OF THE  
18 DEPARTMENT OF WATER RESOURCES AT THE TIME OF APPLICATION WHETHER IT  
19 CHOOSES TO ASSUME THE MEMBER LANDS' REPLENISHMENT OBLIGATION UNDER THE  
20 MUNICIPAL PROVIDER'S DESIGNATION OF ASSURED WATER SUPPLY AND MEMBER  
21 SERVICE AREA AGREEMENT. THIS SECTION DOES NOT AUTHORIZE NEW MEMBER LANDS  
22 TO BE ENROLLED WITHIN THE MUNICIPAL PROVIDER'S SERVICE AREA AFTER THE  
23 SERVICE AREA IS DESIGNATED AS HAVING AN ASSURED WATER SUPPLY.

24 H. IF A MUNICIPAL PROVIDER CHOOSES TO ALLOW PARCELS OF MEMBER LAND  
25 WITHIN ITS SERVICE AREA TO RETAIN THE PARCEL REPLENISHMENT OBLIGATION  
26 PURSUANT TO THIS SECTION, THE DESIGNATION OF ASSURED WATER SUPPLY AND  
27 MEMBER SERVICE AREA AGREEMENT FOR THE MUNICIPAL PROVIDER SHALL PROVIDE  
28 THAT THE PARCELS OF MEMBER LAND RETAIN THE PARCEL REPLENISHMENT OBLIGATION  
29 FOR THE LESSER OF EITHER OF THE FOLLOWING:

30 1. TEN YEARS FROM THE DATE OF COMMENCEMENT OF THE FIRST TERM OF THE  
31 DESIGNATION.

32 2. THE FIRST TERM OF THE DESIGNATION.

33 I. ON THE LESSER OF THE CONDITIONS PRESCRIBED BY SUBSECTION H OF  
34 THIS SECTION, THE MUNICIPAL PROVIDER SHALL BEGIN TO ASSUME A PERCENTAGE OF  
35 THE GROUNDWATER DELIVERED TO PARCELS OF MEMBER LAND AND ANY ASSOCIATED  
36 PARCEL REPLENISHMENT OBLIGATION AND PROVIDE THE INFORMATION TO THE  
37 DISTRICT IN THE ANNUAL REPORTS REQUIRED BY SECTION 48-3775. IN THE FIRST  
38 YEAR OF REPORTING PURSUANT TO THIS SUBSECTION, THE MUNICIPAL PROVIDER MAY  
39 ASSUME NOT LESS THAN TEN PERCENT OF THE TOTAL REPORTED GROUNDWATER  
40 DELIVERED TO EACH PARCEL OF MEMBER LAND. IN EACH SUCCESSIVE YEAR THE  
41 MUNICIPAL PROVIDER SHALL ASSUME AT LEAST AN ADDITIONAL TEN PERCENT SO THAT  
42 WITHIN TEN YEARS, ALL REPORTED GROUNDWATER DELIVERED AND PARCEL  
43 REPLENISHMENT OBLIGATION ARE ASSUMED BY THE MUNICIPAL PROVIDER AND THE  
44 PARCELS OF MEMBER LAND HAVE NO FURTHER PARCEL REPLENISHMENT OBLIGATION.

1 J. AFTER A MUNICIPAL PROVIDER ASSUMES ALL GROUNDWATER DELIVERIES  
2 FROM ALL PARCELS OF MEMBER LAND AS PRESCRIBED BY SUBSECTION I OF THIS  
3 SECTION, THE MUNICIPAL PROVIDER SHALL CEASE SUBMITTING REPORTS TO THE  
4 DISTRICT FOR PARCELS OF MEMBER LAND PURSUANT TO SECTION 48-3775 WHILE THE  
5 MUNICIPAL PROVIDER'S DESIGNATION OF ASSURED WATER SUPPLY REMAINS VALID.

6 K. IF A MUNICIPAL PROVIDER ASSUMES THE PARCEL REPLENISHMENT  
7 OBLIGATION OF MEMBER LANDS PURSUANT TO A DESIGNATION OF ASSURED WATER  
8 SUPPLY THAT RELIES ON A MEMBER SERVICE AREA AGREEMENT, ANY GROUNDWATER  
9 ALLOWANCE OR EXTINGUISHMENT CREDITS, AS PROVIDED IN RULES ADOPTED BY THE  
10 DEPARTMENT OF WATER RESOURCES PURSUANT TO SECTION 45-576, ASSOCIATED WITH  
11 THE MEMBER LANDS ASSUMED BY THE MUNICIPAL PROVIDER MAY BE USED AS FOLLOWS:

12 1. IF THE PARCEL REPLENISHMENT OBLIGATION AND REPORTED GROUNDWATER  
13 DELIVERED TO THE MEMBER LANDS ARE ENTIRELY ASSUMED ON THE INITIAL  
14 DESIGNATION OF AN ASSURED WATER SUPPLY, THE REMAINING EXTINGUISHMENT  
15 CREDITS OR GROUNDWATER ALLOWANCE ASSOCIATED WITH THE MEMBER LANDS MAY BE  
16 USED BY THE MUNICIPAL PROVIDER AS AUTHORIZED PURSUANT TO A MEMBER SERVICE  
17 AREA AGREEMENT.

18 2. IF THE PARCEL REPLENISHMENT OBLIGATION AND REPORTED GROUNDWATER  
19 DELIVERED TO THE MEMBER LANDS ARE ASSUMED IN STAGES AS PROVIDED IN  
20 SUBSECTION I OF THIS SECTION, THE MUNICIPAL PROVIDER MAY USE THE  
21 GROUNDWATER ALLOWANCE AND EXTINGUISHMENT CREDITS FOR THE MEMBER LANDS IN  
22 THE SAME MANNER AS AUTHORIZED IN THE APPLICABLE AGREEMENT AND NOTICE OF  
23 MUNICIPAL REPORTING REQUIREMENTS IF THE GROUNDWATER IS BEING REPORTED AS  
24 DELIVERED TO MEMBER LANDS. THEREAFTER, ANY REMAINING EXTINGUISHMENT  
25 CREDITS OR GROUNDWATER ALLOWANCE MAY BE USED BY THE MUNICIPAL PROVIDER AS  
26 AUTHORIZED UNDER THE MEMBER SERVICE AREA AGREEMENT.

27 Sec. 2. Section 48-3775, Arizona Revised Statutes, is amended to  
28 read:

29 48-3775. Reports

30 A. Except as provided in subsection H of this section, on or before  
31 March 31 of each year after the recordation of the instrument described in  
32 section 48-3774, subsection C, each municipal provider delivering water to  
33 member land shall file ~~a report~~ with the district and with the director of  
34 water resources **A REPORT** that contains the following information for the  
35 preceding calendar year, which is the reporting year:

36 1. The amount of groundwater delivered by the municipal provider to  
37 each parcel of member land, identified by the applicable tax parcel  
38 number, and the basis for the calculation of the amount of groundwater  
39 delivered.

40 2. The amount of groundwater delivered by the municipal provider to  
41 the member land and the basis for the calculation of the amount of  
42 groundwater delivered.

43 3. The amount of excess groundwater delivered by the municipal  
44 provider to the member land and the basis for the calculation of the  
45 amount of excess groundwater delivered.

1           4. The parcel replenishment obligation of each parcel of the member  
2 land, identified by the applicable tax parcel number.

3           5. Such other information as the district may reasonably require.

4           B. On or before March 31 of each year after the qualification of a  
5 municipal provider's service area as a member service area, the municipal  
6 provider shall file ~~a report~~ with the district and with the director of  
7 water resources **A REPORT** that contains the following information for the  
8 preceding calendar year, which is the reporting year:

9           1. The amount of groundwater delivered by the municipal provider to  
10 all customers within the member service area and the basis for the  
11 calculation of the amount of groundwater delivered **AND, IF THE MUNICIPAL**  
12 **PROVIDER HAS ENTERED INTO A MEMBER SERVICE AREA AGREEMENT PURSUANT TO**  
13 **SECTION 48-3771, SUBSECTIONS H AND I, THE AMOUNT OF GROUNDWATER DELIVERED**  
14 **TO MEMBER LANDS AND THE PERCENTAGE OF THOSE GROUNDWATER DELIVERIES ASSUMED**  
15 **BY THE MUNICIPAL PROVIDER.**

16           2. The amount of excess groundwater delivered by the municipal  
17 provider to all customers within the member service area and the basis for  
18 the calculation of the amount of excess groundwater delivered.

19           3. Such other information as the district may require.

20           C. The district shall confirm the calculation of the parcel  
21 replenishment obligation of each parcel of the member land and the service  
22 area replenishment obligation of each member service area, using the  
23 information provided in subsections A and B of this section.

24           D. To the extent allowed by the assured water supply rules adopted  
25 by the department of water resources pursuant to section 45-576,  
26 subsection H, in calculating the excess groundwater of a member land or a  
27 member service area, the municipal provider shall reduce the amount of  
28 groundwater that may be used, consistent with such rules, at a member land  
29 or delivered for use within the member service area and that is not  
30 derived from credits on a straight line basis over the applicable period  
31 of years prescribed in such rules. The municipal provider may apply any  
32 credits applicable to the member land or the member service area as  
33 ~~permitted~~ **ALLOWED** under such rules.

34           E. The district shall prepare and file with the director of water  
35 resources on or before August 31 of each year for the prior calendar year,  
36 which is the reporting year, an annual report that includes the following  
37 information:

38           1. The total amount of water that was stored by the district during  
39 the reporting year pursuant to each water storage permit issued to it  
40 under title 45, chapter 3.1.

41           2. The amount of water stored by the district during the reporting  
42 year to be credited to the district's conservation district account  
43 pursuant to title 45, chapter 3.1.

1           3. The amount of water stored by the district during the reporting  
2 year to be credited to the district's replenishment reserve subaccount  
3 pursuant to title 45, chapter 3.1.

4           4. The groundwater replenishment obligations for the reporting year  
5 and for the two calendar years preceding the reporting year, and the  
6 extent to which the district has completed the groundwater replenishment  
7 obligations applicable to each of those years.

8           5. The information required under section 45-877.01.

9           6. The amount of water stored by the district during the reporting  
10 year to be credited to the district's long-term storage account pursuant  
11 to title 45, chapter 3.1.

12           7. The amount of long-term storage credits the district has  
13 transferred and credited to its conservation district account pursuant to  
14 title 45, chapter 3.1 during the reporting year.

15           F. The district and the municipal providers required to file  
16 reports under this section shall maintain current, accurate records of the  
17 information required to be included in the reports.

18           G. If a municipal provider fails to file a report as required by  
19 the district, the district may assess a penalty of up to ~~one thousand~~  
20 ~~dollars~~ \$1,000 per day that the report is overdue.

21           H. A municipal provider shall not file the report required by  
22 subsection A of this section for a parcel of member land that is included  
23 in the service area of a municipal provider that is a member service area  
24 that has been designated as having an assured water supply under section  
25 45-576 UNLESS THE PARCEL OF MEMBER LAND IS SUBJECT TO A MEMBER SERVICE  
26 AREA AGREEMENT AS PRESCRIBED IN SECTION 48-3771, SUBSECTIONS H AND I.

27           Sec. 3. Section 48-3778, Arizona Revised Statutes, is amended to  
28 read:

29           48-3778. Annual assessment; general revenue law

30           A. On or before the third Monday of August of each year after the  
31 qualification of any real property as member land, the district shall  
32 charge an annual replenishment assessment against each parcel of member  
33 land that is subject to a parcel replenishment obligation. This charge  
34 becomes a lien on the parcel and shall be collected in the same manner as  
35 an ad valorem tax. The assessments shall be calculated by the district  
36 pursuant to this article and shall be sufficient to produce the amount of  
37 money estimated as needed to pay the costs and expenses to replenish  
38 groundwater established under section 48-3772, subsection A and taking  
39 into account any annual replenishment tax levied against municipal  
40 providers under section 48-3781 AND ANY MEMBER SERVICE AREA AGREEMENT  
41 PURSUANT TO SECTION 48-3771, SUBSECTIONS H AND I.

42           B. The district shall promptly certify the assessments to the board  
43 of supervisors of each county in which member lands are located, and these  
44 boards of supervisors at the time of levying general county taxes shall

1 take the necessary steps for collection of replenishment assessments  
2 against the parcels of member land within such county.

3 C. The assessment when collected shall be deposited, pursuant to  
4 sections 35-146 and 35-147, in the special fund established under section  
5 48-3773, subsection A, paragraph 3 to be spent by the district only for  
6 the purposes authorized by this article.

7 D. All provisions of the general revenue laws for the collection of  
8 taxes on real estate for county purposes apply to the collection of the  
9 replenishment assessment imposed by this article, including all remedies  
10 of the revenue laws for collecting delinquent taxes and provisions  
11 relating to sales of real property for delinquent taxes. The exemptions  
12 applicable to ad valorem taxes do not apply to assessments charged  
13 pursuant to this section.

14 Sec. 4. Section 48-3780, Arizona Revised Statutes, is amended to  
15 read:

16 48-3780. Qualification as a member service area; termination

17 A. The service area of a municipal provider qualifies as a member  
18 service area only if all of the following apply:

19 1. The service area is located in an active management area in  
20 which a part of the central Arizona project aqueduct is located.

21 2. The municipal provider is not a member of a groundwater  
22 replenishment district established pursuant to chapter 27 of this title.

23 3. The service area of the municipal provider is not a water  
24 district member service area under chapter 28 of this title.

25 4. If the municipal provider or its predecessor previously  
26 terminated member service area status pursuant to subsection B of this  
27 section, the service area or any portion of the service area has not been  
28 a member service area for at least ten years. The district may waive this  
29 requirement if the district and the director of water resources determine  
30 that previously unforeseen circumstances necessitate requalification of  
31 the service area.

32 5. If the municipal provider or its predecessor previously  
33 terminated member service area status pursuant to subsection B of this  
34 section, the municipal provider agrees to pay to the district all charges  
35 that would have otherwise been imposed by the district had the member  
36 service area status remained in effect during the period since termination  
37 became effective.

38 6. If all or a portion of the service area has previously qualified  
39 as a member service area, the municipal provider agrees to pay an amount  
40 equal to the amount of the replenishment taxes assessed against its  
41 predecessor that were not paid, plus interest calculated in accordance  
42 with section 48-3782, subsection A.

43 7. The conditions stated in section 45-576.01, subsection B,  
44 paragraphs 2 and 3 are satisfied with respect to the district at the time  
45 of the qualification.

1           8. The municipal provider publishes a resolution once each week for  
2 two consecutive weeks in a newspaper of general circulation in the county  
3 or counties where the service area is located that:

4           (a) Has attached to it a current map of the municipal provider's  
5 service area.

6           (b) Declares the intent of the municipal provider that the service  
7 area qualify as a member service area under this chapter.

8           (c) Declares that, for the privilege of withdrawing and delivering  
9 excess groundwater within its service area and to ensure the continued  
10 exercise of that privilege, the municipal provider shall pay an annual  
11 replenishment tax to be determined by the district.

12           (d) Contains a covenant, binding against the municipal provider, to  
13 pay to the district an annual replenishment tax based on the service area  
14 replenishment obligation in an amount determined by the district as  
15 necessary to allow the district to perform the groundwater replenishment  
16 obligations.

17           (e) Authorizes the municipal provider to enter into a written  
18 commitment with the district in the form and substance satisfactory to the  
19 district regarding payment of the annual replenishment tax.

20           (f) Declares that the resolution applies to the service area of the  
21 municipal provider as it currently exists and to all additions to and  
22 extensions of the service area.

23           (g) Declares that the resolution is irrevocable for as long as the  
24 district is obligated to perform the groundwater replenishment  
25 obligations.

26           (h) IF APPLICABLE, DECLARES THAT THE MUNICIPAL PROVIDER HAS ELECTED  
27 TO HAVE PARCELS OF MEMBER LAND WITHIN THE MEMBER SERVICE AREA OF THE  
28 MUNICIPAL PROVIDER RETAIN THE REPLENISHMENT OBLIGATIONS AS AUTHORIZED  
29 PURSUANT TO SECTION 48-3771, SUBSECTIONS H AND I.

30           B. A service area previously accepted as a member service area  
31 pursuant to subsection A of this section terminates its member service  
32 area status only if all of the following apply:

33           1. The municipal provider for the member service area has submitted  
34 an application to the district requesting termination of member service  
35 area status.

36           2. The municipal provider for the member service area has submitted  
37 an application to the director of water resources requesting modification  
38 of the municipal provider's assured water supply designation under section  
39 45-576 that eliminates the municipal provider's reliance on member service  
40 area status.

41           3. The applications provide evidence satisfactory to the director  
42 of water resources that the municipal provider has obtained a substitute  
43 supply of water, other than groundwater, that is determined by the  
44 director of water resources to be consistent with assured water supply



1 requirements pursuant to section 45-576 and that is sufficient to  
2 eliminate the municipal provider's reliance on member service area status.

3 4. The director of water resources has approved the municipal  
4 provider's application to modify its assured water supply designation  
5 based on the addition of the substitute water supply.

6 5. The municipal provider publishes a resolution once each week for  
7 two consecutive weeks in a newspaper of general circulation in the county  
8 or counties where the service area is located that:

9 (a) Has attached to it a current map of the municipal provider's  
10 service area.

11 (b) Declares the intent of the municipal provider to terminate the  
12 service area's member service area status.

13 (c) Declares that the district is no longer obligated to perform  
14 the groundwater replenishment obligations on behalf of the service area.

15 (d) Revokes the resolution for the member service area provided for  
16 in subsection A, paragraph 7 of this section.

17 6. All amounts owed by the water provider on behalf of the member  
18 service area to the district have been paid.

19 7. The municipal provider has paid or made arrangements suitable to  
20 the district for repayment of any capital costs incurred by the district  
21 specifically on behalf of the member service area.

22 Sec. 5. Section 48-3781, Arizona Revised Statutes, is amended to  
23 read:

24 48-3781. Annual replenishment tax; contract replenishment tax

25 A. On or before the third Monday of August of each year after the  
26 qualification of the member service area of any municipal provider, the  
27 district shall levy a replenishment tax against each municipal provider  
28 having a qualified member service area for the privilege of withdrawing  
29 and delivering excess groundwater within the member service area. The  
30 replenishment tax shall be calculated by the district in accordance with  
31 this article and shall be sufficient to produce the amount of money  
32 estimated as needed to pay the costs and expenses to replenish groundwater  
33 established under section 48-3772, subsection A, and taking into account  
34 any annual replenishment assessment levied under section 48-3778 **AND ANY**  
35 **MEMBER SERVICE AREA AGREEMENTS ENTERED PURSUANT TO SECTION 48-3771,**  
36 **SUBSECTIONS H AND I.**

37 B. The district shall promptly transmit a statement to each  
38 municipal provider having a member service area stating the amount of the  
39 annual replenishment tax and any replenishment reserve fee due under  
40 section 48-3780.01.

41 C. On or before the third Monday of August of each year after the  
42 district enters into any contract to replenish water pursuant to section  
43 48-3772, subsection B, paragraph 9, the district shall levy a tax against  
44 each municipal provider that is a party to a contract to replenish  
45 groundwater at the assessment rate provided in the applicable contract.

1 The district shall promptly transmit a statement to each municipal  
2 provider that is a party to a contract to replenish groundwater stating  
3 the amount of the replenishment tax due under the contract.

4 D. On or before October 15 of each year, each municipal provider  
5 that has a member service area shall pay to the district an amount equal  
6 to the annual replenishment tax levied by the district and any  
7 replenishment reserve fee due under section 48-3780.01.

8 E. On or before October 15 of each year, each municipal provider  
9 that is a party to a contract to replenish groundwater under section  
10 48-3772, subsection B, paragraph 9 shall pay to the district the contract  
11 replenishment tax levied by the district pursuant to the contract.

12 F. Annual replenishment taxes and contract replenishment taxes  
13 collected by the district shall be deposited, pursuant to sections 35-146  
14 and 35-147, in the special fund established pursuant to section 48-3773,  
15 subsection A, paragraph 3 and shall be expended by the district only for  
16 the purposes authorized by this article.

17 G. If a municipal provider is delinquent for more than ninety days  
18 in the payment of its replenishment tax, the district shall promptly  
19 notify the director of water resources of the delinquency. Except as  
20 provided in subsection H of this section, for any municipal provider that  
21 is delinquent for more than ninety days in the payment of its  
22 replenishment tax, the district shall complete the replenishment of the  
23 service area replenishment obligation. The district shall complete that  
24 obligation within three full calendar years after the year that the  
25 district is paid an amount equal to the delinquent replenishment tax, plus  
26 interest calculated in accordance with section 48-3782, subsection A, or  
27 within ten full calendar years after the year that the district incurs the  
28 service area replenishment obligation, whichever is sooner.

29 H. The district is not required to complete the replenishment of  
30 the service area obligation of a municipal provider that is delinquent for  
31 more than ninety days in the payment of its replenishment tax if both of  
32 the following apply:

33 1. The district is not paid an amount equal to the delinquent  
34 replenishment tax, plus interest calculated in accordance with section  
35 48-3782, subsection A, within ten full calendar years after the year that  
36 the district incurs the service area replenishment obligation.

37 2. The municipal provider or its successor has violated section  
38 45-492, subsection D or section 45-493, subsection D and the director of  
39 water resources has not commenced an enforcement action against the  
40 municipal provider or its successor for the violation within ten full  
41 calendar years after the year that the district incurs the service area  
42 replenishment obligation.

