

House Engrossed Senate Bill

~~ADWR; application; review; time frames~~  
(now: water conservation grant fund; purpose)

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

**CHAPTER 225**  
**SENATE BILL 1242**

AN ACT

AMENDING SECTIONS 45-554 AND 49-1333, ARIZONA REVISED STATUTES; RELATING  
TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 45-554, Arizona Revised Statutes, is amended to  
3 read:

4 45-554. Transportation of groundwater withdrawn in Harquahala  
5 irrigation non-expansion area to an initial active  
6 management area; annual report

7 A. A groundwater replenishment district established under title 48,  
8 chapter 27 may lease from an irrigation district located entirely within  
9 the Harquahala irrigation non-expansion area the use of one or more of the  
10 wells in the irrigation district to withdraw the groundwater that can be  
11 withdrawn from a depth to one thousand feet, at a rate that, when added to  
12 the existing rates of withdrawal in the area, does not cause the  
13 groundwater table at the site or sites to decline more than ten feet per  
14 year, for transportation to an initial active management area. The lease  
15 payments shall be made to the members of the irrigation district on a pro  
16 rata basis, per acre of land that is eligible to be irrigated under  
17 section 45-437, subsection B, minus the irrigation district's  
18 administrative costs. Wells leased under this subsection are exempt from  
19 well spacing requirements under section 45-559.

20 B. ~~This state or a political subdivision of this state that~~ AN  
21 ENTITY DESCRIBED IN SUBSECTION D OF THIS SECTION THAT owns land eligible  
22 to be irrigated under section 45-437, subsection B in the Harquahala  
23 irrigation non-expansion area may withdraw groundwater from the land for  
24 transportation to ~~an initial active management area for its own use or use~~  
25 ~~by the Arizona water banking authority pursuant to section 45-2491 only~~ A  
26 LOCATION AND FOR THE PURPOSES PRESCRIBED IN SUBSECTION F OF THIS SECTION:

27 1. If the groundwater is withdrawn:

28 (a) From a depth to one thousand feet at the site or sites of the  
29 proposed withdrawals.

30 (b) At a rate that, when added to the existing rate of withdrawals  
31 in the area, does not cause the groundwater table at the site or sites of  
32 the withdrawals to decline more than an average of ten feet per year  
33 during the one hundred year evaluation period.

34 2. In an amount either:

35 (a) Per acre of the eligible land, not to exceed:

36 (i) Six acre-feet in any year.

37 (ii) Thirty acre-feet for any period of ten consecutive years  
38 computed in continuing progressive series beginning in the year  
39 transportation of groundwater from the land begins.

40 (b) Established by the director, but only if the director  
41 determines that withdrawals in an amount greater than that ~~permitted~~  
42 ALLOWED by subdivision (a) of this paragraph will not unreasonably  
43 increase damage to residents of surrounding land and other water users in  
44 the irrigation non-expansion area, or that one or more of the entities

1 withdrawing the groundwater will mitigate the damage to the residents and  
2 other water users.

3 3. BY A PUBLIC SERVICE CORPORATION, IF ALL COSTS ASSOCIATED WITH  
4 WITHDRAWING, TRANSPORTING AND DELIVERING GROUNDWATER AWAY FROM THE  
5 HARQUAHALA IRRIGATION NON-EXPANSION AREA ARE COLLECTED FROM THE CUSTOMERS  
6 OF THE PUBLIC SERVICE CORPORATION'S WATER DISTRICT WHERE THE TRANSPORTED  
7 GROUNDWATER IS USED.

8 4. IF BEFORE THE WITHDRAWAL OF GROUNDWATER FROM THE HARQUAHALA  
9 IRRIGATION NON-EXPANSION AREA OR THE EFFECTIVE DATE OF THIS AMENDMENT TO  
10 THIS SECTION, WHICHEVER IS LATER, THE ELIGIBLE ENTITY HAS DEMONSTRATED  
11 COMPLIANCE WITH THE CRITERIA IN THIS SUBSECTION OR SUBSECTION C OF THIS  
12 SECTION USING A HYDROLOGICAL STUDY. THE DIRECTOR SHALL PRESCRIBE THE  
13 CONTENTS OF THE STUDY THAT IS SUBMITTED WITH THE APPLICATION.

14 5. IF BEFORE THE WITHDRAWAL OF GROUNDWATER FROM THE HARQUAHALA  
15 IRRIGATION NON-EXPANSION AREA OR THE EFFECTIVE DATE OF THIS AMENDMENT TO  
16 THIS SECTION, WHICHEVER IS LATER, THE ELIGIBLE ENTITY INSTALLS WATER  
17 MEASURING DEVICES, OR OTHER SIMILARLY RELIABLE AND ACCESSIBLE METHODS AS  
18 APPROVED BY THE DEPARTMENT TO DETERMINE THE VOLUME OF GROUNDWATER  
19 WITHDRAWN FROM ALL RELEVANT WELLS AND TRANSPORTED OUT OF THE HARQUAHALA  
20 IRRIGATION NON-EXPANSION AREA BY PIPELINES, CANALS OR CONDUITS.

21 6. IF WITHIN THIRTY DAYS AFTER THE WITHDRAWAL OF GROUNDWATER FROM  
22 THE HARQUAHALA IRRIGATION NON-EXPANSION AREA FOR TRANSPORTATION OR THE  
23 EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, WHICHEVER IS LATER, THE  
24 ELIGIBLE ENTITY SUBMITS A MONTHLY REPORT TO THE DEPARTMENT CONTAINING ALL  
25 OF THE FOLLOWING:

26 (a) THE VOLUME OF GROUNDWATER THE ENTITY WITHDREW FROM THE  
27 HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE PRECEDING MONTH.

28 (b) THE VOLUME OF GROUNDWATER THE ENTITY TRANSPORTED OUT OF THE  
29 HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE PRECEDING MONTH.

30 (c) THE END USE OR DESTINATION OF GROUNDWATER THE ENTITY  
31 TRANSPORTED OUT OF THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE  
32 PRECEDING MONTH.

33 C. If this state or one or more political subdivisions of this  
34 state own eighty ~~per cent~~ PERCENT or more of the land that is eligible to  
35 be irrigated under section 45-437, subsection B in the irrigation  
36 non-expansion area, each of the entities may withdraw groundwater from the  
37 eligible land it owns for transportation to an initial active management  
38 area:

39 1. From a depth to one thousand feet at the site or sites of  
40 withdrawals.

41 2. From a depth between one thousand and one thousand two hundred  
42 feet at the site or sites of the withdrawals only if the director  
43 determines either that the withdrawals will not unreasonably increase  
44 damage to residents of surrounding land or that one or more of the

1 entities withdrawing the groundwater will mitigate the damage to the  
2 residents.

3 D. THE FOLLOWING ENTITIES ARE ELIGIBLE TO TRANSPORT GROUNDWATER  
4 AWAY FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA PURSUANT TO  
5 SUBSECTION B OF THIS SECTION:

6 1. THIS STATE.

7 2. A POLITICAL SUBDIVISION OF THIS STATE.

8 3. A PUBLIC SERVICE CORPORATION THAT IS REGULATED BY THE  
9 CORPORATION COMMISSION AND THAT HOLDS A CERTIFICATE OF CONVENIENCE AND  
10 NECESSITY FOR WATER SERVICE.

11 E. THE DIRECTOR SHALL ADOPT RULES TO IMPLEMENT THIS SECTION,  
12 INCLUDING FOR THE REPORTING OF GROUNDWATER TRANSPORTED FROM THE HARQUAHALA  
13 IRRIGATION NON-EXPANSION AREA.

14 F. THE FOLLOWING LOCATIONS AND PURPOSES ARE ELIGIBLE TO RECEIVE  
15 GROUNDWATER TRANSPORTED AWAY FROM THE HARQUAHALA IRRIGATION NON-EXPANSION  
16 AREA PURSUANT TO SUBSECTION B OF THIS SECTION:

17 1. AN INITIAL ACTIVE MANAGEMENT AREA FOR USE BY AN ELIGIBLE ENTITY  
18 OR THE ARIZONA WATER BANKING AUTHORITY PURSUANT TO SECTION 45-2491.

19 2. LA PAZ COUNTY BY AN ELIGIBLE ENTITY IN A TOTAL CUMULATIVE VOLUME  
20 NOT TO EXCEED TEN PERCENT OF THE TOTAL ANNUAL VOLUME OF GROUNDWATER THE  
21 DEPARTMENT DETERMINES IS AVAILABLE FOR TRANSPORT OUT OF THE HARQUAHALA  
22 IRRIGATION NON-EXPANSION AREA. AN ELIGIBLE ENTITY IN LA PAZ COUNTY MAY DO  
23 EITHER OF THE FOLLOWING:

24 (a) TRANSPORT GROUNDWATER FROM ELIGIBLE ACRES IN THE HARQUAHALA  
25 IRRIGATION NON-EXPANSION AREA OWNED BY THE ELIGIBLE ENTITY TO A LOCATION  
26 IN LA PAZ COUNTY FOR THE ELIGIBLE ENTITY'S OWN USE.

27 (b) SELL OR LEASE GROUNDWATER FROM ELIGIBLE ACRES OWNED BY THE  
28 ELIGIBLE ENTITY THAT ARE LOCATED IN LA PAZ COUNTY TO A DESIGNATED PROVIDER  
29 IN THE PHOENIX, TUCSON OR PINAL ACTIVE MANAGEMENT AREA FOR THE DESIGNATED  
30 PROVIDER'S OWN USE.

31 G. ANY LOCAL USE OF GROUNDWATER BY AN ELIGIBLE ENTITY THAT SELLS OR  
32 LEASES GROUNDWATER PURSUANT TO SUBSECTION F, PARAGRAPH 2 OF THIS SECTION  
33 SHALL COUNT TOWARDS THE ELIGIBLE ENTITY'S MAXIMUM PER ACRE WITHDRAWAL  
34 LIMIT PRESCRIBED IN SUBSECTION B, PARAGRAPH 2, SUBDIVISION (a) OF THIS  
35 SECTION.

36 H. ON OR BEFORE JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL SUBMIT A  
37 REPORT OF ALL OF THE FOLLOWING TO THE GOVERNOR, THE PRESIDENT OF THE  
38 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A  
39 COPY OF THIS REPORT TO THE SECRETARY OF STATE:

40 1. THE TOTAL AMOUNT OF GROUNDWATER ALL ELIGIBLE ENTITIES WITHDREW  
41 FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE PRECEDING YEAR.

42 2. THE TOTAL AMOUNT OF GROUNDWATER EACH ELIGIBLE ENTITY WITHDREW  
43 FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE PRECEDING YEAR  
44 DELINEATED BY ENTITY.

1           3. THE TOTAL AMOUNT OF GROUNDWATER ALL ELIGIBLE ENTITIES  
2 TRANSPORTED FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE  
3 PRECEDING YEAR.

4           4. THE TOTAL AMOUNT OF GROUNDWATER EACH ELIGIBLE ENTITY TRANSPORTED  
5 FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN THE PRECEDING YEAR  
6 DELINEATED BY ENTITY.

7           5. THE END USE OR DESTINATION OF ALL GROUNDWATER ALL ELIGIBLE  
8 ENTITIES TRANSPORTED FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN  
9 THE PRECEDING YEAR.

10          6. THE END USE OR DESTINATION OF ALL GROUNDWATER EACH ELIGIBLE  
11 ENTITY TRANSPORTED FROM THE HARQUAHALA IRRIGATION NON-EXPANSION AREA IN  
12 THE PRECEDING YEAR, DELINEATED BY DESTINATION OR END USE.

13          Sec. 2. Section 49-1333, Arizona Revised Statutes, is amended to  
14 read:

15           49-1333. Water conservation grant fund; procedures

16          A. In compliance with any applicable requirements, an eligible  
17 entity as defined in section 49-1301 may apply to the authority for and  
18 accept grants from the water conservation grant fund for a water  
19 conservation program or project that complies with the requirements of  
20 sections 49-1332 and 49-1334. A nongovernment organization that focuses  
21 on water conservation or environmental protection may apply to the  
22 authority for and accept grants from the water conservation grant fund for  
23 a water conservation program or project if it partners with an eligible  
24 entity as defined in section 49-1301. AN ELIGIBLE ENTITY MAY APPLY TO THE  
25 AUTHORITY FOR AND ACCEPT GRANTS FROM THE WATER CONSERVATION GRANT FUND TO  
26 DISTRIBUTE REBATES FOR THE INSTALLATION OF GRAY WATER SYSTEMS.

27          B. The authority shall:

28           1. Prescribe a simplified form and procedure to apply for and  
29 approve assistance.

30           2. Establish by rule criteria that are consistent with this article  
31 by which assistance will be awarded.

32           3. Determine the order and priority of water conservation programs  
33 or projects assisted under this section based on the merits of the  
34 application with respect to the requirements of sections 49-1332 and  
35 49-1334.

36           4. Provide that a single water conservation program grant may not  
37 exceed \$3,000,000, a single water conservation project grant may not  
38 exceed \$250,000 and at least a twenty-five percent match is required for  
39 each water conservation program or project. Monies from any other source  
40 may satisfy the match requirement.

APPROVED BY THE GOVERNOR JUNE 19, 2024.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 19, 2024.