Groundwater Withdrawal Fee

STRATEGIC PLAN REFERENCE

Policy Goal 1, Future Water Supplies: Identify, develop, and advocate policies and practices that will help AMWUA members secure and extend dependable water supplies for future economic prosperity.

SUMMARY

The Groundwater Users Advisory Council for the Phoenix Active Management Area has been asked to make a recommendation to the Director of the Arizona Department of Water Resources regarding what amount the groundwater withdrawal fee should be set at for 2017. By statute, ADWR collects this fee from individuals that withdraw groundwater within an Active Management Area.

Currently, the groundwater withdrawal fee is set at $3.00 per acre-foot. Of the $3.00, $2.50 funds the Arizona Water Banking Authority per statute and $0.50 funds ADWR conservation and augmentation efforts.

Under ADWR’s implementation of A.R.S. § 45-611, the groundwater withdrawal fee can be increased to $5.00 per acre-foot beginning in 2017. Also in 2017, the statute requires that $0.50 be collected for administration and enforcement and the continuation of $2.50 for the Water Bank. This raises a question about whether the fee should continue to include $0.50 for ADWR’s conservation and augmentation efforts. In order to collect $0.50 for conservation and augmentation going forward in 2017, the groundwater withdrawal fee will need to be increased to at least $3.50 per acre-foot.

Since the establishment of the groundwater withdrawal fee as part of the Groundwater Management Act, a portion of that fee has been utilized to fund conservation and augmentation efforts. To date, hundreds of funded projects have assisted agricultural, industrial, and municipal users in the development and implementation of conservation programs, augmentation, renewable water supply utilization, and the acquisition of information on hydrologic conditions and water availability in the AMAs. Arizona has benefited by encouraging the efficient use of water.
The Arizona Municipal Water Users Association (AMWUA) has long-supported ADWR’s efforts to enhance conservation and augmentation efforts in Arizona including the $0.50 collected as part of the groundwater withdrawal fee.

Continuing to collect $0.50 for conservation and augmentation efforts in the groundwater withdrawal fee will become more important as a shortage declaration looms over the Colorado River, which will impact Arizona. Arizona needs to continue to demonstrate a commitment to using water efficiently.

This funding would continue to play an important role in assisting all water use sectors, including agriculture, to maximize the use of available water supplies at a time when Colorado River deliveries may be reduced. In 2017, agriculture in the Phoenix AMA will have less access to Colorado River supplies and may begin to utilize more groundwater. These funds could be used by agricultural users to further increase the efficiency of their water use, reducing the amount of groundwater needed and the associated pumping costs.

At its August 10, 2016 meeting, the AMWUA Management Board discussed this issue and concluded it is important for the groundwater withdrawal fee to continue to include $0.50 per acre-foot for conservation and augmentation efforts.

**RECOMMENDATION**

The Management Board recommends to the AMWUA Board of Directors that AMWUA supports having the 2017 groundwater withdrawal fee include $0.50 per acre-foot for conservation and augmentation efforts.