



2017 Legislative Review

The 2017 legislative session avoided any major water legislation directly impacting AMWUA members. Yet, AMWUA actively worked to increase its presence at the Legislature and to be a knowledgeable resource on water issues. In February, AMWUA organized a water reception for Legislators with Jon Kyl and a viewing of the film *Groundwater: To Enact a Law for the Common Good*. The reception was well attended and received.

State Budget: The approved State budget includes \$15.9 million for the Arizona Department of Water Resources (ADWR), which is an increase from last year. ADWR is the only state agency to receive an increase. ADWR's budget includes funding to hire ten new full-time employees, which would increase the agency's staff to 139 employees. The intent behind this increase is to use some of the new positions to refocus on ADWR's AMA programs. Also in the budget is \$2 million each year for three years to help with efforts to protect Lake Mead. As part of the budget, ADWR received a \$1.2 million transfer from the Arizona Water Banking Authority, which will be used to help fund the agency and its programs, including \$250,000 for the Water Protection Fund for the issuance of grants. The budget also includes transfers from the Arizona Water Banking Authority of \$200,000 for the Arizona Navigable Stream Adjudication Commission, and \$200,000 for the Auditor General to conduct an audit of the Central Arizona Water Conservation District.

AMWUA played a role in the success, amendment or opposition of the following bills:

HB 2010: Arizona State Retirement System (Ugenti-Rita). *AMWUA Position: Oppose*

AMWUA helped to hold off once again a bill that tries to prevent entities such as AMWUA from providing Arizona State Retirement System benefits to employees hired after the bill's effective date. AMWUA signed a letter expressing opposition from multiple organizations who would be impacted by the bill. This bill passed out of the House Committee of the Whole, but was never brought for a vote to the full House.

HB 2112: Multi-County Water Districts Board of Directors (Finchem and 8 others). *AMWUA Position: Monitor*

This bill would have changed the requirements for a person to serve on the board of directors for multi-county water districts such as the Central Arizona Project (CAP). AMWUA opposed the original bill because it introduced partisan politics into the CAP Board election by requiring candidates for the CAP Board to have their party designation denoted on the ballot. In the Senate this partisan requirement was removed, and thereafter the bill only restricted a CAP employee or the spouse of a CAP employee from serving on the Board of Directors. This bill was signed by Governor Ducey on May 10th.

HB 2143: Public Contracts (Leach and seven others). *AMWUA Position: Oppose*

AMWUA joined municipalities and counties in expressing opposition to this bill that would have set new requirements on municipalities for obtaining public bids, including for water and sewer projects. It would have required advertising for bids if the work exceeded \$25,000, including materials and equipment. The bill failed to move out of committee.

HB 2179: Municipal Intergovernmental Agreements (Ugenti-Rita). *AMWUA Position: Oppose*

This bill that would have required a city, town, or county to limit the duration of intergovernmental agreements (IGAs) to eight years, to extend agreements by reviewing them in a public hearing, and to review and reaffirm in a public hearing all agreements already in place as of the effective date of the bill. AMWUA voiced opposition to this bill because it would create uncertainty about Arizona's long-term water supplies including the 100-year supply designations. Each AMWUA city holds long-term contracts for CAP water. Furthermore, many of the AMWUA cities are parties to long-term leases to receive water held by another entity. The sponsor tried to modify the bill based on stakeholder concerns, but the bill stalled in the House.

HB 2499: Facilities Relocation; Public Utility Easements (Weninger). *AMWUA Position: Monitor*

This bill would have required a municipality or county to reimburse a utility if the municipality or county required movement of facilities constructed within a public utility easement. The affected utility would be entitled to reimbursement unless an existing agreement provides otherwise. While the bill passed out of the House Commerce Committee, it was held in the Rules Committee. Staff understands that it was agreed that the bill should be worked on during the summer to better define its purpose and how reimbursement of costs would occur.

HB 2482: Subdivider Public Reports (Petersen). *AMWUA Position: Monitor*

AMWUA originally opposed this striker bill because it would have allowed a subsequent subdivider to use a previously issued certificate of assured water supply. This meant a subsequent subdivider could rely on a certificate of a 100-year assured water supply even if the underlying water supply was not transferred to the subsequent subdivider of the land. Based on ADWR and AMWUA's concerns, ADWR was able to work with the sponsor to develop an amendment that would allow for a subsequent subdivider to rely on a previously issued certificate if the relevant platting entity determines that certain conditions are met. Among other things, this includes a requirement that there are no changes to the plat, water infrastructure is available to each lot, and each lot is enrolled as a Central Arizona Groundwater Replenishment District (CAGR) member land. As a result of this amendment, AMWUA changed its position to monitor. This bill was signed by the Governor on May 10th.

HJR 2002: Colorado River Forbearance Authority (Barton and 14 others). *AMWUA Position:*
Support

Along with the rest of the water community, AMWUA supported this joint resolution to authorize the ADWR Director to enter into forbearance agreements that implement the terms of the proposed minute agreement with Mexico. The Joint Resolution gives the Director authority to forebear water pursuant to these agreements if the United States and Mexico enter into a minute agreement in which Mexico agrees to reduce its deliveries of Colorado River water in the same years that deliveries of Colorado River water to Arizona are reduced due to shortage. The authority to enter into any agreement expires on December 31, 2017. The resolution passed the House and Senate and was signed by Governor Ducey on March 2nd.

SB 1309: Groundwater Extinguishment Credits in the Pinal AMA (Barton). *AMWUA Position:*
Oppose

This striker bill would have prevented the Director of ADWR from adopting or implementing any rule in the Pinal AMA that would reduce the amount or quantity of credits for the extinguishment of irrigation grandfathered rights to less than the full amount of the right. This bill would have increased groundwater mining in the Pinal AMA. AMWUA opposed an identical version of this bill last legislative session. AMWUA sent a letter to the House Speaker asking that he hold the bill. This bill ultimately failed to move to a vote in the House.

SB 1412: Sequence of Claims in General Stream Adjudication (Griffin). *AMWUA Position:*
Monitor

This bill outlines the sequence of claims that the Superior Court over the General Stream Adjudication must address. In its amended form, the bill requires the determination of water rights of all small water use claims in any specific subwatershed to be deferred until all other claims are determined by the Superior Court. The bill furthermore requires the determination of any claimant's small water use claim to be in conjunction with the claimant's other claims in the same subwatershed. The bill states that the Superior Court overseeing the Adjudication is not precluded from approving settlements of small water use claims at any time. The Governor signed this bill on April 24th.

Other Legislation

The following were bills that AMWUA also monitored or took positions on.

HB 2020: Board of Directors and Appropriations (Lawrence). *AMWUA Position: Monitor*

This bill would have added a new clause to the conflict of interest statute that would have kept AMWUA Board members from being able to participate in city council votes appropriating money to AMWUA. This bill was assigned to the House Government Committee, but failed to move.

HB 2036: Groundwater Permits Technical Correction (Thorpe). *AMWUA Position: Monitor*

This bill made two minor technical corrections to a statute dealing with permits to withdraw poor quality groundwater. AMWUA staff monitored this bill because it appeared to be a possible vehicle for a striker bill. The rules in the House of Representatives for this year's session required that all striker amendments be germane to the subject matter of the original bill. This bill failed to move.

HB 2130: Maximum Daily Load Program Report (Bowers). *AMWUA Position: Monitor*

The Maximum Daily Load program is administered by ADEQ to help impaired lakes and streams meet water quality standards for their intended uses. The program applies to impaired waters listed by the State in accordance with the federal Clean Water Act. Under the program, ADEQ submits a list of waters and a schedule to establish the total maximum daily load (i.e. amount of pollutant) every two years to the EPA. This bill would have required ADEQ to submit a report to the Governor, House Speaker, and Senate President detailing progress under the program by September 1st of each year. This bill passed out of the relevant House committees, but failed to move further.

HB 2193: Groundwater Resource Management Task Force (Cobb). *AMWUA Position: Monitor*

This bill would have created a task force comprising members of the Legislature and several representatives of different stakeholder groups. The task force would establish a framework for a property development credit program to encourage the donation, acquisition and use of land for conservation areas that would support the maintenance of groundwater and other ecological resources. Under this concept, a party could receive development credits to offset water use and development impacts on private developable land in exchange for donating or transferring property for conservation areas. These credits could be purchased and sold to different parties. The task force would submit a report to the Governor and Legislature by the end of 2017. AMWUA staff understands that this bill arose out of concerns from some individuals in Mohave County. This bill failed to move this session. However, AMWUA staff understands that an ad-hoc committee may look into this issue in the future.

HB 2330: Water Augmentation Systems (Campbell and two others). *AMWUA Position: Support*

This bill introduced a proposed tax credit for the installation of a “Residential Water Augmentation System,” which is defined as either a rainwater harvesting system or a residential graywater system. The proposed tax credit was equal to 25 percent of the cost of the system up to a maximum of \$1,000. The tax credit would have been available through January 1, 2026. The bill limited the annual amount for the tax credit that the state could allow to \$250,000. A similar tax credit for graywater systems was in place for tax years 2007 through 2011, although some have questioned how effective it was at incentivizing graywater use. This bill passed out of the House Ways and Means Committee, but failed to move thereafter.

HB 2231: Desalination Study Committee (Shooter). *AMWUA Position: Monitor*

This bill would have established a nine-member desalination study committee comprising members of the Legislature and subject matter experts. The committee would collect information on desalination within Arizona, review data from desalting plants in operation, and study opportunities for desalination projects in Arizona. This bill failed to move this session.

HB 2317: CAP Board and Partisan Offices (Lawrence). *AMWUA Position: Oppose*

This bill would have required that ballots include party designations listed alongside candidates for several elected offices, including elections for the CAP Board. Currently, elections for the CAP Board are non-partisan and take place only in a general election. This bill would have required CAP Board elections to take place in both a primary and general election with each candidate’s party designation listed on the ballot. AMWUA believes CAP elections should remain non-partisan because of the importance of water being a non-partisan issue. The bill failed to move this session.

SB 1124: Arizona Water Protection Fund Appropriation (Griffin). *AMWUA Position: Support*

This bill as amended appropriated \$500,000 for fiscal year 2018 from the state general fund for the Arizona Water Protection Fund. The Arizona Water Protection Fund is a state-run program that funds projects to protect and enhance water quality and quantity in Arizona’s rivers, streams, and riparian areas. Some of these efforts include revegetation, erosion control, channel stabilization, research, and water conservation. This bill passed through the Senate and the relevant House committees, but was not voted on by the full House.

SB 1165: Capital Costs and Exempt Wells (Fann and Campbell). *AMWUA Position: Support*

Under relevant provisions of the Groundwater Code, a landowner in an Active Management Area may drill a small exempt well for domestic uses. However, under the Code an exempt well may not be drilled if any part of the land is within one hundred feet of a designated municipal

provider's system. One exception to this rule is if a landowner shows that it is more economical to drill an exempt well than connect to the municipal drinking water system.

This bill would have added to this exception the requirement that a landowner provide to ADWR at least three estimates of the total capital costs for the drilling of an exempt well. This bill failed to move this session, and AMWUA staff understands that stakeholders may convene to work on this issue before next session.

SB 1184: Appropriation to Arizona Geological Survey (Griffin). *AMWUA Recommended Position: Monitor*

This bill appropriated \$941,000 from the General Fund to the Arizona Geological Survey (AGS) for fiscal year 2018. The AGS collects, records, maintains and makes available old and new data on the geologic materials and processes in Arizona. This includes data that is vital to understanding groundwater pumping issues, subsidence, and water quality issues in Arizona. This bill was signed by the Governor on May 8th.

SB 1280: Groundwater Extinguishment Credits in the Pinal AMA (Smith and four others). *AMWUA Position: Oppose*

This bill would have prevented the Director of ADWR from adopting or implementing any rule in the Pinal AMA that would reduce the amount or quantity of credits for the extinguishment of irrigation grandfathered rights to less than the full amount of the right. The bill would have been retroactive. This bill would have increased groundwater mining in the Pinal AMA. AMWUA opposed an identical version of this bill last legislative session. This bill failed in the Senate Natural Resources, Energy and Water Committee on February 13th. It contained the same language as a striker bill listed above, SB 1309, which also failed.

SJR 1001: Colorado River Joint Resolution (Griffin). *AMWUA Recommended Position: Monitor*

This Senate Joint Resolution recognized that 2017 was the 95th anniversary of the 1922 Colorado River Compact, which is one of the primary documents that governs the Law of the River. This resolution was meant to be a placeholder for approving Arizona's participation in the Drought Contingency Plan (DCP), if agreement was reached for how DCP would be implemented in Arizona. For several reasons, that did not occur during this legislative session.