

AMWUA 2023 LEGISLATIVE SESSION SUMMARY

August 3, 2023

This legislative summary has been prepared for the AMWUA member cities. Information within represents the final action on each piece of legislation as of sine die on July 31, 2023.

All regular laws go into effect on October 30, 2023. Laws that include an emergency clause went into effect immediately upon being signed by the Governor.

AMWUA's automated bill status tracker can be found <u>here</u>.

Session Overview

The 1st Regular Session of Arizona's 56th Legislature adjourned at 5:15 PM on July 31, 2023. The 2023 session lasted 203 days, making it the longest Legislative Session in Arizona history; however, there were numerous breaks during the session. A total of 1,562 bills were introduced, as well as 113 memorials and resolutions. A total of 345 bills were transmitted to Governor, of which 202 were signed and 143 were vetoed.

A number of controversial, hot button issues were tackled at the Legislature this Session. In the world of water, the main issues among others were groundwater, industrial use, land divisions, build-to-rent developments, and the Assured Water Supply Program. Several important water-related provisions were passed with the FY24 budget, including monies to allow for a bypass of the Santa Rosa Canal and to allow AMWUA member cities Gilbert, Glendale, and Peoria to undertake important water resources projects.

AMWUA staff spent much of the first part of the Session addressing two bills, HB 2535 (private property; wells; regulation; prohibition). and SB 1660 (water; effluent; credits). HB 2535 would have prohibited municipalities from regulating private wells and any buildings served by these wells after annexation. AMWUA worked with the sponsor to develop an amendment that would make the bill acceptable to the AMWUA cities. When the bill sponsor did not support the amendment, AMWUA successfully requested that the Governor veto this bill. SB 1660 would have expanded the definition of effluent and allowed large industrial users to create long term storage credits using this effluent, making it easier for them to peel away from existing water service areas. AMWUA successfully lobbied legislators from both parties and stopped this bill from passing.



AMWUA hosted weekly meetings with intergovernment liasons from each AMWUA member city to coordinate on water legislation throughout the first several months of the session. Additionally, AMWUA staff prepared and distributed 16 legislative updates throughout the session. These efforts, among others, helped five AMWUA-supported bills to become laws this session. No bills that AMWUA opposed became laws this session.

FY24 Water-Related Budget Provisions

All bills that contain an appropriation are moved through the legislative process until they are parked in the chamber that did not introduce them. From there, any appropriations called for in the bill may be included in the General Appropriations Act. Some water-related appropriations that made it into the FY24 Budget are described below.

- **\$27.8 Million*** Water Infrastructure Finance Authority funds to be put towards a well construction project by the City of Gilbert.
- \$25.0 Million* Department of Water Resources to be distributed equally between the MSIDD and the CAIDD to build a method of delivering groundwater other than the Santa Rosa Canal. This is meant to assist in ending the ongoing legal dispute between those two irrigation districts and the Ak-Chin Indian Community which has held up the adoption of the CAP/BOR Water Quality Guidance document.
- **\$15.2 Million*** University of Arizona for the "on-farm irrigation efficiency" fund, which is designed to fund improvements in irrigation water efficiency.
- **\$11.1 Million*** Department of Water Resources for the purpose of studying the use of brackish groundwater and completing a pilot program for brackish groundwater use.
- **\$10.0 Million*** Water Infrastructure Finance Authority funds to be put towards a well construction project by the City of Peoria.
- **\$9.5 Million** Department of Environmental Quality for the Water Quality Fee Fund.
- **\$5.0 Million** Department of Environmental Quality for PFAS mitigation efforts.
- **\$810.0 Thousand*** Water Infrastructure Finance Authority funds to be put towards an irrigation and xeriscaping project by the City of Glendale.

*Budget items funded through a cut to WIFA's Long-Term Water Augmentation Fund. This fund was cut by \$143.8 million for FY24, with that money instead being allocatd to specific "other water projects".



Table of Contents

HB 2026 APPROPRIATION; ON-FARM EFFICIENCY FUND (DUNN)
HB 2048 SB 1432 ASSURED WATER; SMALL RESIDENTIAL DEVELOPMENTS (H: BLISS S: WADSACK)
HB 2056 DRY WASHES; PERMIT PROGRAM EXEMPTION (DIAZ)6
HB 2143 S/E GRAY WATER REUSE; RESIDENTIAL STANDARDS; RULES (KERR)
HB 2164 SB 1449 SUBSEQUENT IRRIGATION; NON-EXPANSION AREAS; PROCEDURES (H: STAHL HAMILTON S: SUNDARESHAN)
HB 2165 SB 1450 ADEQUATE WATER SUPPLY; STATEWIDE REQUIREMENTS (H: STAHL HAMILTON S: SUNDARESHAN) 7
HB 2217 S/E APPROPRIATION; BRACKISH GROUNDWATER STUDIES (GRIFFIN)
HB 2260 SB 1520 WELLS; PERMITS; SPACING RULES (H: CANO S: SUNDARESHAN)
HB 2266 SB 1446 GROUNDWATER PUMPING; MEASURING; REPORTING (H: CANO S: SUNDARESHAN)
HB 2278 SB 1447 WELL DRILLING; GROUNDWATER BASINS (H: CANO S: SUNDARESHAN)
HB 2323 WATER AUGMENTATION FUND; BRACKISH GROUNDWATER (KOLODIN & 4 OTHERS)
HB 2372 COLORADO RIVER WATER TRANSFERS; LIMIT (BIASIUCCI, GILLETTE, BORRELLI)
HB 2376 AGRICULTURAL LAND; FOREIGN OWNERSHIP; PROHIBITION (BIASIUCCI & 9 OTHERS)
HB 2406 SB 1079 WATER TREATMENT FACILITIES; LOAN REPAYMENT (H: TERECH S: SHOPE)
HB 2411 WATER SUPPLY; ELIMINATION; REDUCTION; DAMAGES (COOK & 3 OTHERS)
HB 2413 TEACHERS; WATER CONSERVATION INSTRUCTION; APPROPRIATION (TERECH & 9 OTHERS)
HB 2438 BOARD OF SUPERVISORS; POWERS; WATER (GRIFFIN)10
HB 2442 TEMPORARY NON-EXPANSION AREA (GRIFFIN) 11
HB 2442 TEMPORARY NON-EXPANSION AREA (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)11HB 2445 S/E SUBDIVISIONS; LEASED PROPERTIES EXEMPTION; EMERGENCY (GRIFFIN)11HB 2445 APPROPRIATION; GROUNDWATER; SANTA ROSA CANAL (MARTINEZ, COOK, SMITH)12HB 2481 APPROPRIATION; IRRIGATION SPRINKLER SYSTEMS; XERISCAPING (PAYNE)12HB 2520 HOME SALES; WATER SUPPLY DISCLOSURE (STAHL HAMILTON & 16 OTHERS)12HB 2522 SB 1558 WATERSHED HEALTH; USE; SURVEY (H: STAHL HAMILTON S: SUNDARESHAN)13HB 2535 PRIVATE PROPERTY; WELLS; REGULATION; PROHIBITION (SMITH & 23 OTHERS)13HB 2584 WATER TANK; SHARED REVENUE; APPROPRIATION (COOK & 3 OTHERS)14HB 2590 S/E SELLER DISCLOSURE; WATER; SOLAR; BATTERIES (GRIFFIN)14
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)11HB 2445 S/E SUBDIVISIONS; LEASED PROPERTIES EXEMPTION; EMERGENCY (GRIFFIN)11HB 2445 APPROPRIATION; GROUNDWATER; SANTA ROSA CANAL (MARTINEZ, COOK, SMITH)12HB 2481 APPROPRIATION; IRRIGATION SPRINKLER SYSTEMS; XERISCAPING (PAYNE)12HB 2520 HOME SALES; WATER SUPPLY DISCLOSURE (STAHL HAMILTON & 16 OTHERS)12HB 2522 SB 1558 WATERSHED HEALTH; USE; SURVEY (H: STAHL HAMILTON S: SUNDARESHAN)13HB 2535 PRIVATE PROPERTY; WELLS; REGULATION; PROHIBITION (SMITH & 23 OTHERS)13HB 2584 WATER TANK; SHARED REVENUE; APPROPRIATION (COOK & 3 OTHERS)14HB 2590 S/E SELLER DISCLOSURE; WATER; SOLAR; BATTERIES (GRIFFIN)14HB 2669 PROHIBITION, BIOSOLIDS, LAND APPLICATION (DUNN)14
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)11HB 2445 S/E SUBDIVISIONS; LEASED PROPERTIES EXEMPTION; EMERGENCY (GRIFFIN)11HB 2448 APPROPRIATION; GROUNDWATER; SANTA ROSA CANAL (MARTINEZ, COOK, SMITH)12HB 2448 APPROPRIATION; IRRIGATION SPRINKLER SYSTEMS; XERISCAPING (PAYNE)12HB 2481 APPROPRIATION; IRRIGATION SPRINKLER SYSTEMS; XERISCAPING (PAYNE)12HB 2520 HOME SALES; WATER SUPPLY DISCLOSURE (STAHL HAMILTON & 16 OTHERS)12HB 2522 SB 1558 WATERSHED HEALTH; USE; SURVEY (H: STAHL HAMILTON S: SUNDARESHAN)13HB 2535 PRIVATE PROPERTY; WELLS; REGULATION; PROHIBITION (SMITH & 23 OTHERS)13HB 2584 WATER TANK; SHARED REVENUE; APPROPRIATION (COOK & 3 OTHERS)14HB 2590 S/E SELLER DISCLOSURE; WATER; SOLAR; BATTERIES (GRIFFIN)14HB 2616 SUBDIVISIONS; LEASED PROPERTIES (BLISS)14HB 2639 PROHIBITION, BIOSOLIDS, LAND APPLICATION (DUNN)14HB 2731 LOCAL GROUNDWATER STEWARDSHIP AREAS (BIASIUCCI)15
HB 2443 NAVIGABLE STREAM ADJUDICATION COMMISSION; EXTENSION (GRIFFIN)11HB 2445 S/E SUBDIVISIONS; LEASED PROPERTIES EXEMPTION; EMERGENCY (GRIFFIN)11HB 2448 APPROPRIATION; GROUNDWATER; SANTA ROSA CANAL (MARTINEZ, COOK, SMITH)12HB 2481 APPROPRIATION; IRRIGATION SPRINKLER SYSTEMS; XERISCAPING (PAYNE)12HB 2520 HOME SALES; WATER SUPPLY DISCLOSURE (STAHL HAMILTON & 16 OTHERS)12HB 2522 SB 1558 WATERSHED HEALTH; USE; SURVEY (H: STAHL HAMILTON & 16 OTHERS)13HB 2535 PRIVATE PROPERTY; WELLS; REGULATION; PROHIBITION (SMITH & 23 OTHERS)13HB 2584 WATER TANK; SHARED REVENUE; APPROPRIATION (COOK & 3 OTHERS)14HB 2616 SUBDIVISIONS; LEASED PROPERTIES (BLISS)14HB 2669 PROHIBITION, BIOSOLIDS, LAND APPLICATION (DUNN)14HB 2731 LOCAL GROUNDWATER STEWARDSHIP AREAS (BIASIUCCI)15



SB 1223 WATER INFRASTRUCTURE; COMMERCE GRANT FUND (SHOPE)	16
SB 1257 WATER RESOURCES; ASSISTANT DIRECTOR (PETERSON)	17
SB 1278 S/E STATE PREEMPTION; UTILITIES; APPLIANCES; RESTRICTIONS; PROHIBITION; LIMITATION; DEFINITIONS (MONTENEGRO)	17
SB 1306 HB 2731 LOCAL GROUNDWATER STEWARDSHIP AREAS. (S: BORRELLI H: BIASIUCCI)	17
SB 1358 HOMEOWNERS' ASSOCIATIONS; SOLAR, WATER DEVICES (MENDEZ & 5 OTHERS)	18
SB 1390 WATER INFRASTRUCTURE FINANCE AUTHORITY; AMENDMENTS (KERR)	18
SB 1391 S/E USE OF MONIES IN STATE LOTTERY FUND; REPORT (GRIFFIN)	18
SB 1439 STATE LANDS; LEASES; GROUNDWATER USE (SUNDARESHAN, & 2 OTHERS)	19
SB 1448 SUBSEQUENT ACTIVE MANAGEMENT AREA; DESIGNATION (SUNDARESHAN & 7 OTHERS)	19
SB 1521 EXEMPT WELLS; METERING; REPORTING (SUNDARESHAN & 4 OTHERS)	19
SB 1660 WATER; EFFLUENT; CREDITS (KERR, KAISER, DUNN)	20
SB 1667 WATER; RURAL MANAGEMENT AREAS (MENDEZ)	20
HCM 2006 URGING ERADICATION; SALT CEDARS; WATERWAYS (GRIFFIN)	21
HCR 2012 SUPPORT; WATER MANAGEMENT POLICIES (GRIFFIN)	21
HCR 2024 BARTLETT DAM; HEIGHT INCREASE (GRIFFIN)	21



HB 2026 appropriation; on-farm efficiency fund (Dunn)

Appropriates \$30 million to the "on-farm irrigation efficiency fund" created in the 2022 legislative session. The Fund is administered by University of Arizona and designed to fund improvements in irrigation water efficiency. The Fund is apparently on track to have spent the entire \$30 million appropriation from the 2022 budget, offering \$1,500 per AF. For more information: <u>https://extension.arizona.edu/water-irrigation-efficiency-program</u>

AMWUA Position: Monitor

<u>Final Action:</u> \$15,200,000 was allocated to the University of Arizona for the purpose described in this bill as part of the General Appropriations Act for the FY24 Budget.

HB 2048 | SB 1432 assured water; small residential developments (H: Bliss | S: Wadsack)

Requires any developer who seeks a building permit for 6 or more residences in an unincorporated area of an AMA to apply for a Certificate of Assured Water Supply (AWS). This proposed concept differs from the existing AWS regulations by triggering the requirement with a building permit, rather than subdivision plat. It also requires a Certificate for rental properties, which are currently exempted from the AWS Program.

SB 1432 was later amended to remove the AWS requirement tied to the building permit for six or more residences. Instead, the amended language mandated the Director of ADWR to study whether this requirement should be put into place. The amended SB 1432 also required a city that met certain criteria to serve outlying areas through an intergovernmental agreement with a standpipe district. This was meant as a solution to the issue that occurred in Rio Verde Foothills.

This bill contains an emergency clause.

AMWUA Position: Support, seek amendments

HB 2048 Final Action: This bill was never heard in committee.

SB 1432 Final Action: This amended bill was signed into law by the Governor on June 19, 2023.



HB 2056 dry washes; permit program exemption (Diaz)

Exempts any discharge to a "dry wash, arroyo, or other similar erosional feature characterized by low volume, [or] infrequent or short duration flows" from receiving an Aquifer Protection Permit by defining those features as not being a Water of the State.

No AMWUA Position

Final Action: This bill was vetoed by the Governor on April 3, 2023.

HB 2143 s/e gray water reuse; residential standards; rules (Kerr)

Allows ADEQ to permit a graywater system that would use recycled shower and bath water for indoor toilet flushing. Such systems must have a NSF 350 Class R Certification - consistent with both the International Plumbing Code and the Uniform Plumbing Code, and meet ADEQ's regulatory rules for such system, which ADEQ would be tasked to develop. Currently, Arizona allows graywater use outside but not indoors.

AMWUA Position: Support

Final Action: This bill was signed into law by the Governor on May 1, 2023.

HB 2164 | SB 1449 subsequent irrigation; non-expansion areas; procedures (H: Stahl Hamilton | S: Sundareshan)

Introduces a number of modifications to the procedures for establishment of new irrigation non-expansion areas (INA). The proposal would allow ADWR to consider projected rates of groundwater withdrawal as part of the determination of a new INA. The bill also clarifies which entities are eligible to petition the State to create a new INA and requires that petitioners submit a groundwater model and hydrologic assessment using methodology approved by the ADWR Director. The language aligns with the suggested statutory changes presented by ADWR in the summer of 2017 during the Governor's Water Solutions Conversations.

AMWUA Position: Support

HB 2164 Final Action: This bill was never heard in committee.

<u>SB 1449 Final Action:</u> This bill was never heard in committee.



<u>HB 2165</u> | <u>SB 1450</u> adequate water supply; statewide requirements (H: Stahl Hamilton | S: Sundareshan)

Mandates that a city, town, or county may only approve a subdivision plat if the development has demonstrated an adequate water supply.

No AMWUA position

HB 2165 Final Action: This bill was never heard in committee.

<u>SB 1450 Final Action:</u> This bill was never heard in committee.

HB 2217 s/e appropriation; brackish groundwater studies (Griffin)

Appropriates \$50,000 to ADWR in FY24 to review and update studies on brackish groundwater in Arizona.

AMWUA Position: Monitor

<u>Final Action</u>: \$11,100,000 was allocated to ADWR for the purpose of completing a brackish groundwater study and pilot project as part of the General Appropriations Act for the FY24 Budget.

HB 2260 | SB 1520 wells; permits; spacing rules (H: Cano | S: Sundareshan)

Requires that ADWR adopt rules governing the location of new and replacement wells with a pumping capacity of less than 35 gpm located outside of AMAs within groundwater basins that the Director determines to be experiencing declining groundwater levels. AMWUA has historically supported legislation to this effect.

AMWUA Position: Support

HB 2260 Final Action: This bill was never heard in committee.

<u>SB 1520 Final Action:</u> This bill was never heard in committee.



HB 2266 | SB 1446 groundwater pumping; measuring; reporting (H: Cano | S: Sundareshan)

Requires measuring, monitoring and annual reporting for nonexempt groundwater wells throughout the state. Water users who irrigate 10 or fewer acres that are not part of a larger farming operation, or water users who pump less than 10 acre-feet per year for non-irrigation use are exempted from this requirement. AMWUA supported this legislation in the 2020 and 2021 sessions.

AMWUA Position: Support

HB 2266 Final Action: This bill was never heard in committee.

<u>SB 1520 Final Action:</u> This bill was never heard in committee.

HB 2278 | SB 1447 well drilling; groundwater basins (H: Cano | S: Sundareshan)

Establishes a well drilling moratorium that prevents new wells in the Upper San Pedro and Verde Valley groundwater subbasins until the conclusion of the General Stream Adjudication unless a well is a replacement well or does not pump subflow. AMWUA adopted a "Monitor" position on this legislation in the 2020, 2021, and 2022 sessions.

AMWUA Position: Monitor

HB 2278 Final Action: This bill was never herad in committee.

<u>SB 1447 Final Action:</u> This bill was never heard in committee.

HB 2323 water augmentation fund; brackish groundwater (Kolodin & 4 others)

Currently, WIFA's Long-Term Water Augmentation (LTWA) Fund carries a stipulation that 75% of the monies must be spent on a water supply development project that imports water from outside of Arizona. HB 2323 modifies the statutes to characterize brackish groundwater desalination as an importation project for the purposes of being eligible for this funding. Brackish groundwater desalination would already be eligible for the other 25% of LTWA Fund monies without this statutory change. *AMWUA Position: Monitor*

Final Action: This bill was never heard in committee.



HB 2372 Colorado River water transfers; limit (Biasiucci, Gillette, Borrelli)

Prohibits transfers of Colorado River P4 entitlements from La Paz County, Mohave County, and Yuma County to other areas of the state. The pending Queen Creek transfer is exempted from this prohibition. This language was introduced in 2022 as a strike-everything amendment that faced lawmaker concerns and opposition from CAP and the development community. Additional legislative intent language has been added that characterizes transfers as an attempt to circumvent "Colorado River water reductions by replacing those reductions with transferred water."

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.

HB 2376 agricultural land; foreign ownership; prohibition (Biasiucci & 9 others)

Prohibits the Arizona State Land Department from leasing or subleasing agricultural state lands to an entity that is a foreign government or is a subsidiary of a foreign government. This legislation is a response to the reports of Fondomonte, a Saudi Arabian company, growing alfalfa for export on state lands with no pumping restrictions.

AMWUA Position: Monitor

Final Action: This bill passed House Third Read on February 22, 2023, but was held in Senate.

HB 2406 | SB 1079 water treatment facilities; loan repayment (H: Terech | S: Shope)

Removes the statutory requirement that cities and towns larger than 150,000 are required to hold an election to receive approval for a WIFA loan. The election requirement is an unnecessary stipulation as municipal loan agreements go before publicly elected city councils. The requirement causes additional delays and expenses for cities that seek federal infrastructure funds, and only impacts municipalities above the 150,000-person threshold. AMWUA ran this legislation in 2022, and SB 1079 has been introduced on AMWUA's behalf by Senator Shope.

AMWUA Position: Support

HB 2406 Final Action: This bill was never heard in committee.

SB 1079 Final Action: This bill was never heard in committee.



HB 2411 water supply; elimination; reduction; damages (Cook & 3 others)

States that any city that terminates or reduces water service outside of its service area, the city shall make the same reduction or termination of the water supply to the mayor and members of the city council. The city is also liable for fire damage and health problems that arise from the cancellation of water service. This bill was introduced in response to the Rio Verde Foothills situation.

No AMWUA position

<u>Final Action</u>: This bill received a striker amendment in House TI on February 17, 2023 that made it no longer a water bill.

HB 2413 teachers; water conservation instruction; appropriation (Terech & 9 others)

Establishes the "Arizona Water Conservation Instruction Fund" through June 30, 2030. Administered by the Department of Education, the Fund would provide grants for teachers to attend a "professional development training course that will prepare [them] to provide instruction in water conservation and drought management." Appropriates \$100,000 in FY24.

No AMWUA position

Final Action: This bill was never heard in committee.

HB 2438 board of supervisors; powers; water (Griffin)

Expands the authorities of a County Board of Supervisors to allow participation "in water reuse and recycling programs and regional wastewater recharge projects and related infrastructure." Similar legislation was introduced last session on behalf of the Pinal County Board of Supervisors.

AMWUA Position: Monitor

Final Action: This bill was signed into law by the Governor on April 18, 2023.



HB 2442 temporary non-expansion area (Griffin)

Establishes procedures for the creation of a "temporary non-expansion area" (TNA) that prohibits irrigation of new acreage for a period of 5 years. To establish a TNA, at least 50% of "irrigation users of groundwater" or 10% of registered voters residing within the groundwater basin must submit a petition to the ADWR Director. After ADWR holds a public hearing on the TNA, the establishment of the TNA will be determined by election of all registered voters within the proposed boundaries. A majority of voters must approve the formation of the TNA for the regulations to take effect.

AMWUA Position: Monitor

Final Action: This bill was vetoed by the Governor on April 11, 2023.

HB 2443 navigable stream adjudication commission; extension (Griffin)

Extends the legislative authorization for the Arizona Navigable Stream Adjudication Commission (ANSAC) for four years to June 30, 2028. The ANSAC is charged with determining which of Arizona's rivers and streams were navigable at time of statehood. If determined to be navigable at time of statehood, the land beneath the watercourse is subject to ownership by the State to be held in public trust. If non-navigable, the watercourse is subject to ownership by the person whose property it crosses. ANSAC's determinations have been subject to litigation, but the only remaining case involves the determinations of non-navigability for the Gila, Salt and Verde Rivers.

AMWUA Position: Support

Final Action: This bill was signed into law by the Governor on April 18, 2023.

HB 2445 s/e subdivisions; leased properties exemption; emergency (Griffin)

Originally expanded the definition of "subdivision" to include six or more detached single residential homes that are located on lands that divided into six or more lots. It also repealed the exemption for leasehold offerings of one year or less from the definition of "subdivision." The intent of the sponsor was to expand applicability of the Assured Water Supply Program to "build-to-rent" developments that often exploit Assured Water Supply Program loopholes.

This bill was later amended to remove the changes to the definition of a subdivision. Instead, the amended bill focused on requiring that build-to-rent communities secure water from a



provider and pay appropriate CAGRD fees. The amended bill also required a city to serve outlying areas through a standpipe, and mandated the creation of a study committee to investigate the issue of land divisions.

AMWUA Position: Support

Final Action: This bill failed Senate Third Read on June 12, 2023.

HB 2448 appropriation; groundwater; Santa Rosa canal (Martinez, Cook, Smith)

Appropriates \$25 million to ADWR to "distribute equally between the irrigation districts that are constructing infrastructure in furtherance of the purposes of the settlement between the [MSIDD], the [CAIDD] and the Ak-Chin Indian Community and with respect to the delivery of groundwater by the districts by means other than the Santa Rosa canal."

AMWUA Position: Support

<u>Final Action:</u> \$25,000,000 was allocated to ADWR for the purpose outlined in this bill as part of the General Appropriations Act for the FY24 Budget.

HB 2481 appropriation; irrigation sprinkler systems; xeriscaping (Payne)

Appropriates \$810,000 in FY24 to ADWR to distribute to the City of Glendale for smart irrigation sprinkler systems and xeriscape landscaping in the right-of-way roadways.

No AMWUA position

<u>Final Action:</u> \$810,000 was allocated to WIFA for the purpose outlined in this bill as part of the General Appropriations Act for the FY24 Budget.

HB 2520 home sales; water supply disclosure (Stahl Hamilton & 16 others)

Stipulates that beginning in 2024, a subdivider selling one or more lots outside of an AMA must record a document with the County stating whether the subdivision has been determined to have an adequate or inadequate water supply. If, at a later date, ADWR determines that water supply is now adequate, ADWR shall notify the subdivision water provider of the new determination, and the water provider shall subsequently notify affected customers.



HB 2520's primary change to existing adequate water supply requirements in A.R.S. § 45-108 appears to be requiring that the determination be recorded with the County where it would presumably be easier to access and associate with the property.

No AMWUA Position

Final Action: This bill was never heard in committee.

HB 2522 | SB 1558 watershed health; use; survey (H: Stahl Hamilton | S: Sundareshan)

Directs ADWR to conduct a triennial assessment of watershed health throughout Arizona and to establish by December 31, 2024 a set of recommendations for how much "ecological water" is needed to sustain ecosystems, wildlife habitat, or communities that may rely on a watershed. The bill also provides for the appropriation of water for "watershed health uses," defined as the conservation of water within a natural watercourse that supports the health of an individual watershed. Current statutes allow for the appropriation and beneficial use of water instream for fish, wildlife, and recreation purposes but not explicitly for the benefit of the watershed or ecosystem as a whole.

No AMWUA Position

HB 2522 Final Action: This bill was never heard in committee.

<u>SB 1558 Final Action:</u> This bill was never heard in committee.

HB 2535 private property; wells; regulation; prohibition (Smith & 23 others)

States that in an unincorporated area, a well drilled on private property and any buildings or structures that rely on that well are not subject to "municipal regulation" if the area is annexed by a city or town. AMWUA tried unsuccessfully to create an amendment that would be acceptable to both the bill's sponsor and the AMWUA cities. Finally, AMWUA sent a letter to the Governor urging her to veto this bill.

AMWUA Position: Oppose

Final Action: This bill was vetoed by the Governor on April 5, 2023.



HB 2584 water tank; shared revenue; appropriation (Cook & 3 others)

States that for any city that terminates water service to customers outside of the city's service area previously served, the state treasurer shall withhold \$10 million of shared revenues and redistribute those monies to the Department of Emergency and Military Affairs for construction of a water tank for the Rio Verde Foothills area.

No AMWUA Position

Final Action: This bill was never heard in committee.

HB 2590 s/e seller disclosure; water; solar; batteries (Griffin)

Requires that property sales disclosure forms include information on whether the property relies on hauled water and the source of the water supply. The bill also requires disclosures related to solar and battery devices on the property.

AMWUA Position: Support

Final Action: This bill was signed into law by the Governor on April 18, 2023.

HB 2616 subdivisions; leased properties (Bliss)

Removes an exemption from the definition of "subdivision" for "leasehold offerings of one year or less." Removing this exemption would expand the applicability of Assured Water Supply requirements to build-to-rent properties. Rental properties such as apartments and mobile home communities would remain excluded from the definition of "subdivision."

AMWUA Position: Support

Final Action: This bill was held in House NREW on February 14, 2023.

HB 2669 prohibition, biosolids, land application (Dunn)

Imposes more strict regulatory requirements on the land application of any substance containing "sewage or septage". This bill's original language could have prevented land application of biosolids typically produced by municipal wastewater systems. AMWUA worked with the sponsor for an amendment that alleviated these concerns.



AMWUA Position: Monitor

Final Action: This amended bill was signed into law by the Governor on June 16, 2023.

HB 2731 local groundwater stewardship areas (Biasiucci)

Creates a new water management framework titled "Local Groundwater Stewardship Areas" (LGSA) that can be established via designation by a County Board of Supervisors, the Director of ADWR, or petition of residents within a groundwater basin if certain conditions related to groundwater depletion are met.

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.

HB 2793 water efficient plumbing fixtures (Mathis & 6 others)

Updates Arizona's water-efficiency standards to align with criteria established by the WaterSense Program, a public-private partnership between industry, utilities, and regulators. AMWUA drafted this legislation in 2019 and has supported it in subsequent legislative sessions.

AMWUA Position: Support

Final Action: This bill was never heard in committee.

<u>SB 1090</u> groundwater pumping; foreign ownership; prohibition (Kern)

States that "a corporation or other entity in which the government of another country has a controlling interest is not eligible to pump groundwater in this state."

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.



<u>SB 1093</u> | <u>HB 2561</u> city water provider; service; requirements (S: Kavanagh | H: Kolodin)

States that a city that provides water service through a standpipe for water hauling to persons residing outside of the city's water service area must continue to provide service if several conditions are met. The statutory provisions are repealed on December 31, 2025

No AMWUA position

<u>SB 1093 Final Action</u>: This bill passed Senate RULES on February 13, 2023, but failed to pass the Senate.

<u>HB 2561 Final Action</u>: This amended bill passed Senate Third Read on May 10, 2023 and was sent to the House. The bill was amended again in the House, and that amended bill failed to pass the Senate.

SB 1115 land sales; foreign entities; prohibition (Kern)

States that "sales of state lands may not be made to a foreign entity."

No AMWUA position

Final Action: This bill failed House LARA on March 20, 2023.

SB 1223 water infrastructure; commerce grant fund (Shope)

Appropriates \$8 million to the "Water Infrastructure and Commerce Grant Fund" in FY24. The Fund was created in 2022 for the purpose of providing grants to eligible entities for design and construction of water infrastructure. Eligible entities are private water companies and Pinal County employers with more than 250 employees.

AMWUA Position: Monitor

Final Action: This bill failed House Third Read on June 12, 2023.



SB 1257 water resources; assistant director (Peterson)

Requires the Director of ADWR to appoint an Assistant Director whose exclusive duties are coordinating with WIFA and water users on water importation projects for augmentation, and projects to increase water storage.

AMWUA Position: Monitor

Final Action: This bill was vetoed by the Governor on April 6, 2023.

<u>SB 1278</u> s/e state preemption; utilities; appliances; restrictions; prohibition; limitation; definitions (Montenegro)

Prohibits municipalities from imposing further regulation to limit what types of appliances utility customers can use. AMWUA was concerned that this bill would impact municipal water conservation initiatives because the bill as written applies to dishwashers "or other appliance that is designed to use the services of a utility provider".

AMWUA Position: Oppose, seek amendment, and then Monitor

Final Action: This bill passed House RULES on April 4, 2023, but then was held in the House.

SB 1306 | HB 2731 local groundwater stewardship areas. (S: Borrelli | H: Biasiucci)

Creates a new water management framework titled "Local Groundwater Stewardship Areas" (LGSA) that can be established via designation by a County Board of Supervisors, the Director of ADWR, or petition of residents within a groundwater basin if certain conditions related to groundwater depletion are met. SB 1306 also establishes the Department of Water Resources Local Groundwater Stewardship Fund consisting of monies deposited from State Lottery, to support ADWR's administration of the LGSA.

AMWUA Position: Monitor

<u>SB 1306 Final Action:</u> This bill was never heard in committee.

HB 2731 Final Action: This bill was never heard in committee.



<u>SB 1358</u> homeowners' associations; solar, water devices (Mendez & 5 others)

States that Homeowners Associations (HOA) cannot prohibit the installation of a water saving device or indoor or outdoor water conservation practice. The HOA may adopt reasonable rules governing proposed water conservation practices. AMWUA supported this legislation in 2022.

AMWUA Position: Support

Final Action: This bill was never heard in committee.

<u>SB 1390</u> water infrastructure finance authority; amendments (Kerr)

Makes various technical and conforming changes to the WIFA legislation that was passed in 2022. Clean up amendments include clarification that WIFA is not a public service corporation, the WIFA Board is authorized to adopt policies and guidelines regarding employee compensation, and conforming changes to align the definition of "eligible entity" for the Conservation Grant Fund with existing WIFA statutes.

This bill contains an emergency clause.

AMWUA Position: Support

Final Action: This amended bill was signed into law by the Governor on June 20, 2023.

SB 1391 s/e use of monies in state lottery fund; report (Griffin)

Directs \$9,060,000 left over from the state lottery fund to ADEQ's Water Quality Fee Fund, which has been underfunded for many years. This distribution would be annually adjusted for inflation. ADEQ worked with Representative Griffin to develop this legislation as a permanent fix to the water quality fee fund's structural deficit. This bill would allow ADEQ to fix that deficit without having to raise fees for water providers or rely on annual funding from the State General Fund.

AMWUA Position: Support

<u>Final Action:</u> \$9,500,000 was allocated to ADEQ's Water Quality Fee Fund from the General Appropriations Act for the FY24 budget.



<u>SB 1438</u> active management; non-expansion area; fees (Sundareshan)

Allows ADWR to reduce fees for the certification of grandfathered rights in Active Management Areas and Irrigation Non-Expansion Areas established after January 1, 2022 without having to pursue a Rulemaking. This would apply to the newly formed Douglas AMA and Hualapai INA.

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.

SB 1439 state lands; leases; groundwater use (Sundareshan, & 2 others)

Requires the Arizona State Land Department to collect annual withdrawal fees and groundwater pumping data from any lessees of ASLD agricultural lands located outside of an AMA or INA.

AMWUA Position: Support

Final Action: This bill was never heard in committee.

SB 1448 subsequent active management area; designation (Sundareshan & 7 others)

Requires the ADWR Director to designate a groundwater basin as an AMA if it is determined that AMA practices are needed to preserve the existing supply of groundwater, land subsidence is occurring, or groundwater withdrawals are threatening water quality degradation. Previously the ADWR had the discretion to designate subsequent AMAs for these reasons, not a mandate.

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.

SB 1521 exempt wells; metering; reporting (Sundareshan & 4 others)

States that wells with a maximum capacity of \leq 35 gallons per minute (gpm) are no longer exempt unless the well owner installs a water measuring device and starts filing annual reports on usage starting January 1, 2025.



No AMWUA Position

Final Action: This bill was never heard in committee.

<u>SB 1660</u> water; effluent; credits (Kerr, Kaiser, Dunn)

Expands the legal definition of effluent to include wastewater generated by industrial facilities that is treated at the site of use. SB 1660 allows an industrial facility to treat and recharge its wastewater to earn effluent LTSC. The bill stipulates that LTSC earned by the industrial effluent can only be "used" at the site of storage.

The AMWUA cities had serious concerns with the proposed statutory amendments, particularly the potential for this bill to incentivize industrial users to extract fossil groundwater and convert it to LTSC for sale. The bill also sets a precedent of allowing groundwater-dependent industrial users to proliferate and remove themselves from centralized water management, threatening the aquifers that municipal water providers rely upon. AMWUA opposed previous iterations of this legislation in 2022.

AMWUA Position: Oppose

Final Action: This bill failed to be brought up for House Third Read.

SB 1667 water; rural management areas (Mendez)

Directs ADWR to assess all groundwater basins in the State outside of AMAs and identify if there are conditions related to groundwater declines. If such conditions exist, ADWR shall notify the County Board of Supervisors, who may subsequently designate those Basins as a Rural Management Area (RMA). The Management Goal of an RMA is stabilization of groundwater levels and sustaining base flows in any hydrologically connect surface waters. A five-member RMA Advisory Council shall be appointed by the County Board of Supervisors to develop a Management Plan.

AMWUA Position: Monitor

Final Action: This bill was never heard in committee.



HCM 2006 urging eradication; salt cedars; waterways (Griffin)

Urging the United States Department of the Interior and Department of Agriculture to appropriate funds to Arizona for salt cedar eradication, and to "develop innovative solutions to control the proliferation of salt cedars."

No AMWUA position

HCR 2012 support; water management policies (Griffin)

Citing Arizona water management milestones and challenges, this Concurrent Resolution states that the members of the Arizona's Legislature will continue the tradition of leadership and support for appropriate water management practices.

No AMWUA position

HCR 2024 Bartlett Dam; height increase (Griffin)

Stating that the members of the Legislature recognize the importance of raising the height of Bartlett Dam and preventing sediment buildup in the Horseshoe Reservoir, and support Congress providing funding for the Bartlett feasibility study.

No AMWUA position