



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, Second Regular Session*

FACT SHEET FOR H.B. 2057

water supply development fund; revisions

Purpose

Increases, from \$100,000 to \$250,000, the cap for a single Water Infrastructure Finance Authority (WIFA) grant. Allows Water Supply Development Revolving Fund (Fund) monies to be used for technical assistance to water providers.

Background

WIFA may provide grants, staff assistance or technical assistance through a loan repayment agreement or other professional assistance to water providers in connection with the planning or design of water supply development projects. A single grant may not exceed \$100,000 ([A.R.S. § 49-1203](#)). WIFA administers the Fund, which may be used to: 1) make water supply development loans to water providers in Arizona for water supply development purposes; 2) make loans or grants of up to \$250,000 to water providers for planning or designing water supply development projects; 3) purchase or refinance water providers' debt obligations that are supplied for water supply development purposes at or below market rate; 4) provide financial assistance to water providers with bonding authority to purchase insurance for local bond obligations incurred for water supply development purposes; 5) pay for Fund administration costs; 6) provide linked deposit guarantees through third-party lenders; and 7) conduct water supply studies ([A.R.S. § 49-1273](#)). The Legislature appropriated \$40,000,000 from the state General Fund (state GF) in FY 2021 to the Fund ([Laws 2021, Ch. 408](#)).

A *water provider* is a: 1) municipal water delivery system; 2) county water augmentation authority; 3) county water authority; 4) Indian tribe; 5) community facilities district; 6) public water system; 7) county with fewer than 300,000 persons; 8) natural resource conservation district; or 9) county that enters into an intergovernmental agreement or other formal written agreement with a water provider regarding a water supply development project. *Water supply development* is: 1) acquiring water, water rights or water contracts to augment the water supply of a water provider; or 2) planning, designing, building or developing facilities for conveyance, storage, recovery, reclamation or reuse of water, replenishment of groundwater or active or passive stormwater recharge structures that increase water supplies ([A.R.S. § 49-1201](#)).

There is no anticipated fiscal impact to the state GF associated with this legislation.

Provisions

1. Increases, from \$100,000 to \$250,000, the cap for a single WIFA grant.
2. Allows monies in the Fund to be used to provide technical assistance to water providers for planning or designing water supply development projects.

FACT SHEET

H.B. 2057

Page 2

3. Transfers, from the Fund Committee to the WIFA Board of Directors, the permissive authority to:
  - a) approve terms for WIFA loans;
  - b) approve the rate of return for a deposit;
  - c) consult WIFA on:
    - i. the prescription of an application form;
    - ii. the establishment of criteria for awarding assistance; and
    - iii. the prescription of the rate of interest on loans;
  - d) deem the existence of a current investment grade rating on existing debt of an applicant, under specified circumstances, as evidence regarding ability to repay a loan;
  - e) condition application approval on assurances it deems necessary to ensure the financial assistance will be used according to law and the terms of the application;
  - f) make recommendations to WIFA regarding the adoption of rules for flexible interest rates and interest-free loans; and
  - g) allow a loan made to a water provider to be secured by an irrevocable pledge of any shared state revenues due to the provider for the duration of the loan.
4. Transfers, from the Fund Committee to the WIFA Board of Directors, the requirement to:
  - a) review on its merits each application received; and
  - b) inform an applicant of the application determination.
5. Removes the stipulation that members of the Fund Committee are not personally liable for the payment of bonds.
6. Makes technical and conforming changes.
7. Becomes effective on the general effective date.

House Action

NREW	1/18/22	DP	12-0-0-0
3 <sup>rd</sup> Read	1/27/22		54-0-5-1

Prepared by Senate Research  
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RC/slp