



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

House: APPROP DP 7-6-0-0

HB 2894: environment; budget reconciliation; 2021-2022.

Sponsor: Representative Bowers, LD 25
House Engrossed

Overview

Contains budget reconciliation provisions relating to the Environment needed for implementing the FY 2022 budget.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the *General Appropriations Act* (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate bills known as *Budget Reconciliation Bills* (BRBs). These BRBs are prepared according to subject area.

Provisions

Due Diligence Fund (Sec. 1)

1. Reverts all monies in the Due Diligence Fund exceeding \$5,000,000, rather than \$500,000, to the state General Fund (GF).

Emergency Medical Services on Federal Lands (Sec. 2)

2. Directs the State Forester to process and pay claims to a fire district with a population of less than 5,000 residents for expenses incurred in responding to emergency medical service calls on federal land, subject to legislative appropriation.
3. Outlines the requirements for a fire district to submit and for the State Forester to process a claim.
4. Defines *expenses*.

Arizona State Parks Store Fund (Store Fund) (Sec. 3)

5. Establishes the Store Fund to be used and administered by the Arizona State Parks Board (ASPB) to operate and maintain gift shops.
6. States that the Store Fund consists of monies deposited pursuant to a fee schedule for goods and services as determined by the ASPB and are subject to legislative appropriations.
7. Exempts appropriations from lapsing.
8. Transfers Store Fund monies in excess of \$1,250,000 at the end of a FY to the State Parks Revenue Fund.

Water Supply Development Revolving Fund (Sec. 6)

9. Permits monies in the Water Supply Development Revolving Fund to be used for conducting water supply studies.

Mount Lemmon Fire District (MLFD) (Sec. 7)

10. Modifies Laws 2019, Chapter 263, to permit MLFD to use the state monies appropriated in FY 2020 to also purchase equipment.
11. Stipulates that monies appropriated from the GF for MLFD revert on December 31, 2022, rather than December 31, 2021.

Arizona Water Protection Fund Commission (Sec. 8)

12. Authorizes the Arizona Water Protection Fund Commission to grant up to \$336,000 of the unobligated balance in the Arizona Water Protection Fund to the Arizona Department of Water Resources (ADWR) for administrative costs in FY 2022.

Underground Storage Tank Revolving Fund (Sec. 9)

13. Allows the Arizona Department of Environmental Quality (ADEQ) to use up to \$6,531,000 from the Underground Storage Tank Revolving Fund in FY 2022 for administrative costs and remediating sewage discharge issues in Naco, Arizona and other Arizona border areas.

Arizona Navigable Stream Adjudication Commission (Sec. 10)

14. Permits monies appropriated to the Arizona Navigable Stream Adjudication Commission from the Arizona Water Banking Fund to be used for legal fees in FY 2022.

Water Quality Assurance Revolving Fund (Sec. 11)

15. Limits the appropriation from the GF to the Water Quality Assurance Revolving Fund to \$15,000,000 in FY 2022.

Vehicle Emissions Testing Fees (Sec. 12)

16. Prohibits the ADEQ Director from charging fees in FY 2022 which are more than the fees charged in FY 2021 for vehicle emission tests conducted in Area A (Maricopa County and portions of Pinal and Yavapai Counties).
17. Exempts ADEQ from rulemaking requirements until July 1, 2022 to establish the vehicle emissions testing fees.

Drought Mitigation Revolving Fund and Drought Mitigation Board (Sec. 5)

18. Establishes the Drought Mitigation Revolving Fund (Drought Fund) consisting of:
 - a) Legislative appropriations;
 - b) Drought mitigation monies from the federal government;
 - c) Monies received as loan repayments, interest and penalties;
 - d) Interest and income received from investing Drought Fund monies; and
 - e) Gifts, grants and donations received from any public or private source.
19. States that Drought Fund monies are continuously appropriated and exempt from lapsing.
20. Establishes the Drought Mitigation Board (Drought Board) to evaluate and approve funding requests for monies from the Drought Fund and outlines the Drought Board's membership.
21. States that appointed members' terms are five years long and begin and end on the third Monday in January.
22. Requires the appointed members to have a strong background in water issues within Arizona.
23. Directs, before appointment to the Drought Board, a prospective member to submit a full set of fingerprints to the appointing entity for a criminal records check.
24. Permits the Department of Public Safety to share a prospective members' fingerprints with the Federal Bureau of Investigation.
25. Directs the Drought Board to elect a chairperson from among the voting members.
26. Allows the chairperson to appoint subcommittees as necessary.

27. Permits the Drought Board to request assistance from representatives of other state agencies.
28. Instructs ADWR to provide clerical, administrative and technical support for the Drought Board.
29. Stipulates that Drought Board members serve without compensation but are eligible for reimbursement of expenses provided through ADWR and paid from the Drought Fund.
30. Requires Drought Board meetings to follow open meeting laws except in such circumstances as outlined in the bill.
31. States that the Drought Board and its officers and employees are subject to state conflict of interest laws.
32. Directs the Drought Board to adopt policies for standards of conduct, including a gift policy, for its members, officers and employees.
33. Requires the Drought Board, by October 31st annually, to hire an independent certified public accountant, with monies from the Drought Fund, to conduct an audit of the Drought Fund.
34. Instructs the Drought Board to immediately submit a certified copy of the audit with the Auditor General and permits the Auditor General to make further audits and examinations as necessary.
35. States that the audit is considered sufficient if the Auditor General takes no further action within 30 days of receiving the audit.
36. Directs all state agencies to cooperate with and share data with the Drought Board upon their request.
37. Directs the State Treasurer, on notice from the Drought Board, to invest and divest monies in the Drought Fund, and the monies earned from such investments are deposited in the Drought Fund.
38. Authorizes monies in the Drought Fund to be:
 - a) Awarded as grants to facilitate the forbearance of water deliveries that would avoid cuts to Arizona's Colorado river water supplies, but such grants cannot be used to supplant any existing forbearance contract for water to be stored in Lake Mead;
 - b) Awarded as grants to the State Land Department (SLD) to make the best use of water resources associated with state trust land — before awarding a grant to SLD for development of infrastructure for the Butler Valley groundwater basin, a hydrological study of groundwater availability must be completed;
 - c) Awarded as low-cost long-term loans for the planning, designing, constructing or financing of water supply development projects to import water supplies from outside of Arizona into Arizona, with priority given to those loan applications demonstrating the largest statewide benefit; and
 - d) Used to pay the costs to administer the fund.
39. Prohibits monies in the Drought Fund from being used to fund transferences of water or water rights, related to a mainstream Colorado River entitlement, away from an area near the Colorado River.
40. Exempts grants from the Drought Fund from statute governing solicitation and award of grant applications.
41. Permits Drought Fund loans to be secured by providing linked deposit guarantees through third party lenders by depositing monies with the lender on certain conditions.

42. Permits an entity to apply to the Drought Board and accept and incur indebtedness as a result of a loan or any other financial assistance from the Drought Fund for conservation and water supply purposes.
 43. States that an entity which applies for and receives financial assistance from the Drought Fund is not precluded from applying for and accepting a loan or other financial assistance under any other law.
 44. Directs the Drought Board to prescribe a simplified form and procedure to apply for and approve assistance.
 45. Instructs the Drought Board to establish criteria to evaluate applications, including requirements for local participation in project costs, if deemed advisable.
 46. Requires the Drought Board's established criteria to include the applicant's:
 - a) Ability to repay a loan;
 - b) Legal capability to enter into a loan repayment agreement;
 - c) Financial ability to manage, construct, operate and maintain the project if it receives the financial assistance; and
 - d) Ability to acquire necessary regulatory permits and meet any applicable environmental requirements imposed by federal or state agencies.
 47. Directs the Drought Board to determine the priority of projects assisted based on the merits of the application with respect to drought mitigation issues.
 48. Requires the Drought Board to review each application and inform the applicant of their decision within 90 days of the application's submission.
 49. Directs the Drought Board, upon denying an application, to explain to the applicant the reason for the denial.
 50. Permits the Drought Board to condition the approval of an application on such assurances as the Drought Board deems necessary to ensure the applicant will use the financial assistance properly.
 51. Defines *entity*, *board* and *fund*.
 52. Contains a legislative intent clause and legislative findings.
 53. Contains a legislative purpose clause. (Sec. 13)
 54. Contains a retroactivity clause establishing the Drought Board and Drought Fund on July 1, 2021. (Sec. 14)
 55. Terminates the Drought Board on July 1, 2031. (Sec. 4)
 56. Terminates the Drought Fund on January 1, 2032. (Sec. 4)
- Miscellaneous**
57. Makes technical changes. (Sec. 7)

<input type="checkbox"/> Prop 105 (45 votes) <input type="checkbox"/> Prop 108 (40 votes) <input type="checkbox"/> Emergency (40 votes) <input type="checkbox"/> Fiscal Note
