



# ARIZONA HOUSE OF REPRESENTATIVES

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**SB 1056: municipalities; counties; fee increases; vote  
S/E: groundwater replenishment; areas; member lands**

**Sponsor: Senator Petersen, LD 14  
Caucus & COW**

## **Summary of the Strike-Everything Amendment to SB 1064**

### **Overview**

Outlines a process for a municipal provider (provider) that applies for a new designation of assured water supply in the Pinal active management area (AMA) to assume the replenishment obligations of member service lands that are located within the provider's service area.

### **History**

The *Assured and Adequate Water Supply Program* requires a developer who plans to sell or lease subdivided lands in an AMA to obtain a *Certificate of Assured Water Supply* from the Director of the Arizona Department of Water Resources (ADWR) or obtain a commitment for water service from a municipality or private water company with an assured water supply designation. Otherwise, a municipality or county cannot approve the subdivision plat and the sale or lease of the subdivided lands cannot be authorized. An assured water supply means:

- 1) sufficient groundwater, surface water or effluent of adequate quality will be legally, physically and continuously available to meet proposed water needs for at least 100 years;
- 2) any projected groundwater use that is consistent with the AMA's management plan and achieving its management goal; and
- 3) the applicant has demonstrated the financial capability to build the infrastructure necessary to make water available for the proposed use ([A.R.S. § 45-576](#)).

The Central Arizona Groundwater Replenishment District (CAGRDR) is a function of the Central Arizona Project (CAP) that replenishes groundwater pumped in an AMA in which a part of the CAP aqueduct is located. Membership in CAGRDR is voluntary and provides a way to comply with requirements of the assured water supply program. CAGRDR members pay an annual replenishment assessment according to the amount of excess groundwater delivered to the member during a year. There are two types of CAGRDR members:

- 1) *member service areas* that include the service area of a municipality or private water company; and
- 2) *member lands* that include an individual subdivision or development ([CAGRDR](#)) ([A.R.S. § 48-3771](#)).

The parcel replenishment obligation is a requirement for groundwater replenishment, calculated by multiplying the excess groundwater percentage of a member land by the total amount of groundwater delivered to that land in a calendar year. ([A.R.S. § 48-3701](#)).

### **Provisions**

1. Allows a provider that applies for a new designation of assured water supply in the Pinal AMA that relies on a member service area agreement to elect for all parcels of member land in the municipal service area to retain a replenishment obligation. (Sec. 1)
2. Requires CAGR D to replenish groundwater in an amount equal to the obligation applicable to that parcel of member land. (Sec. 1)
3. Requires a provider, if the provider's service area contains member lands and the provider applies for an assured water supply designation, to notify CAGR D and the ADWR Director at the time of application whether the provider chooses to assume the member land's replenishment obligation under the provider's designation of assured water supply and member service agreement. (Sec. 1)
4. Specifies this legislation does not authorize new member lands to be enrolled within the provider's service area after the service area is designated as having an assured water supply. (Sec. 1)
5. Requires the assured water supply designation and the provider's member service area agreement to specify that the parcels of member land retain the parcel replenishment obligation for the lesser of either:
  - a) 10 years from the date of commencement of the first term of the designation; or
  - b) the first term of the designation. (Sec. 1)
6. Instructs a provider, on the lesser of the outlined conditions, to begin to assume a percentage of the groundwater delivered to parcels of member land and any associated parcel replenishment obligation and provide the information to CAGR D in the provider's annual reports. (Sec. 1)
7. Allows a provider to assume at least 10% of the total reported groundwater delivered to each parcel of member land in the first year of reporting. (Sec. 1)
8. Requires a provider, in each successive year, to assume at least an additional 10% so that the provider assumes all reported groundwater delivered and parcel replenishment obligation within 10 years and the parcels of member land have no further parcel replenishment obligation. (Sec. 1)
9. Requires, after all groundwater deliveries from all parcels of member land are assumed, a provider to cease submitting reports to CAGR D for parcels of member land while the provider's assured water supply designation is still valid. (Sec. 1)
10. Allows any groundwater allowance or extinguishment credits associated with the member lands assumed by the provider to be used as follows:
  - a) if the parcel replenishment obligation and reported groundwater delivered to the member lands are entirely assumed on the initial assured water supply designation, the remaining extinguishment credits or groundwater allowance associated with the member lands may be used by the provider pursuant to a member service agreement; or

<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
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- b) if the parcel replenishment obligation and reported groundwater delivered to the member lands are assumed in stages, the provider may use the groundwater allowance and extinguishment credits for the member lands in the same manner as authorized in the applicable agreement and notice of municipal reporting requirements if the groundwater is being reported as delivered to member lands. (Sec. 1)
- 11. Specifies if the parcel replenishment obligation and reported groundwater delivered to the member lands are assumed in stages, any remaining extinguishment credits or groundwater allowance may be used by the provider as authorized under the member service area agreement. (Sec. 1)
- 12. Requires a provider that enters into a member service agreement as established by this legislation to annually file a report with CAGR and the ADWR Director that contains the amount of groundwater delivered to member lands and the percentage of those groundwater deliveries assumed by the provider. (Sec. 2)
- 13. Requires CAGR to take into account any member service agreement as established by this legislation when levying any annual replenishment assessment against member land and any annual replenishment tax against a municipal provider. (Sec. 3, 5)
- 14. Requires a provider to publish a resolution once a week in the counties where the service area is located that declares the provider has elected to have parcels of member land within the provider's member service area retain the replenishment obligations. (Sec. 4)
- 15. Requires ADWR, by January 1, 2025, to amend rules for the incorporation of extinguishment credits and groundwater associated with member lands in an assured water supply designation. (Sec. 6)
- 16. Makes technical changes. (Sec. 1)