



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

AMENDED
FACT SHEET FOR S.B. 1390

water infrastructure finance authority; amendments

Purpose

An emergency measure that modifies the requirements of the Director of the Arizona Department of Water Resources (ADWR) in conducting the water supply and demand assessments of groundwater basins. Outlines the Water Infrastructure Finance Authority of Arizona (WIFA) Board requirements for adopting employee and officer policies, procedures and guidelines. Modifies eligibility for WIFA funds.

Background

Laws 2022

In 2022, the Legislature transferred governance of WIFA from the Arizona Finance Authority Board of Directors to the WIFA Board of Directors (WIFA Board) and expanded the powers and duties of WIFA. WIFA funds were restructured, and fund eligibility and purposes were expanded ([Laws 2022, Ch. 366](#)).

ADWR

The Director of ADWR (Director) must, by December 1 of each year, prepare and issue a water supply and demand assessment for at least 6 of the 46 groundwater basins. The Director must ensure that a water supply and demand assessment is completed for all groundwater basins at least once every five years ([A.R.S. § 49-1203](#)).

WIFA

WIFA evaluates and approves funding requests and administers the Clean Water Revolving Fund, Safe Drinking Water Revolving Fund, Water Supply Development Revolving Fund, Long-Term Water Augmentation Fund and Water Conservation Grant Fund. The WIFA Board consists of nine voting members, and nine nonvoting members. An affirmative vote of the majority of the voting members present at an official meeting is sufficient for the WIFA Board to take any action, except that an affirmative vote of at least six voting members is required for the approval of funding or other financial assistance from the: 1) Clean Water Revolving Fund; 2) Drinking Water Revolving Fund; 3) Water Supply Development Revolving Fund; or 4) Long-Term Water Augmentation Fund ([A.R.S. § 49-1206](#)).

Fund Eligibility

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 a population of fewer than 300,000 persons; 8) natural resource conservation district; or 9) county that enters into an agreement with a city, town or other water provider regarding a water supply development project that is funded by Water Supply Development Fund monies ([A.R.S. § 49-1201](#)).

For the Long-Term Augmentation Fund, an *eligible entity* is: 1) a water provider; or 2) any city, town, county, district, commission, authority or other public entity that is organized and that exists under the statutory law of Arizona or under a voter-approved charter or Arizona initiative ([A.R.S. § 49-1301](#)). For the Water Supply Development Revolving Fund, an *eligible entity* is: 1) a water provider that distributes or sells water outside of the boundaries of an AMA located in Maricopa, Pima or Pinal County; or 2) any city, town, county, district, commission, authority or other public entity that is organized and that exists under the statutory law of Arizona or under a voter-approved charter or initiative of Arizona that is located outside of the boundaries of an AMA located in Maricopa, Pima or Pinal County ([A.R.S. § 49-1270](#)).

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

Provisions

ADWR

1. Updates the number of groundwater basins, from 46 to 51, to reflect the current number of groundwater basins in Arizona that a water supply and demand assessment must be conducted on.
2. Requires the Director to ensure that a water supply and demand assessment is completed for all initial AMAs at least once every five years.

WIFA

3. Excludes WIFA from the classification of a public service corporation subject to regulation by the Arizona Corporation Commission.
4. Allows the WIFA Board to prescribe the terms and conditions of the Director's and staff's employment as necessary to carry out the purposes of WIFA.
5. Requires the WIFA Board to adopt written policies, procedures and guidelines that are similar to those adopted by the Arizona Department of Administration (ADOA) regarding officer and employee compensation, observed holidays, leave and reimbursement of travel expenses.
6. Allows the WIFA officers and WIFA employees to participate in the state retirement system.
7. Allows the WIFA Board to provide that the WIFA officers and WIFA employees participate in the state employee health, disability and accident insurance.
8. Exempts the WIFA officers and WIFA employees from any laws regulating state employment, including laws relating to the state personnel system and state service.
9. Expands initial appointee WIFA Board membership to include:
 - a) four, rather than three, members from a county with a population of at least 400,000 persons; and
 - b) four, rather than three, members from a county with a population of fewer than 400,000 persons.

WIFA Funding

10. Removes the Clean Water Revolving Fund and the Drinking Water Revolving Fund from the requirement of an affirmative vote of at least six of the voting members for the approval of funding or other financial assistance.
11. Requires the State Treasurer to deposit monies from a defaulting city or town in the Long-Term Water Augmentation Fund, rather than the Water Supply Development Revolving Fund.
12. Allows an eligible entity or a nongovernmental organization who partners with an eligible entity, rather than a city, town, county, district, commission, authority or other public entity, to apply to WIFA for and accept grants from the Water Conservation Grant Fund.
13. States the pledge of pledged revenues to the Long-Term Water Augmentation Fund by a public-private partnership agreement is valid and binding from the time the pledge is made.

Miscellaneous

14. Modifies, for the Water Conservation Grant Fund, the boundaries of an *eligible entity* to be within an initial AMA in which part of the Central Arizona Project Aqueduct is located, rather than an AMA located in Maricopa, Pima or Pinal County.
15. Modifies Federal Water Programs Committee membership to include, one member who represents a domestic water, rather than wastewater, improvement district or sanitary district, in a county with a population of at least 500,000 persons.
16. Makes technical and conforming changes.
17. Becomes effective on signature of Governor, if the emergency clause is enacted.

Amendments Adopted by Committee

- Requires the policies, procedures and guidelines the WIFA board must adopt for officer and employee compensation to be similar to those adopted by the ADOA.
- Expands the conflict of interest provisions for the WIFA Board by prohibiting a person's eligibility for the Board if the person's relative, rather than spouse, is an officer, employee, or paid consultant for a water users or trade association or if they meet any of the prohibited outlined criteria.

Senate Action

NREW 2/16/23 DPA 6-1-0

Prepared by Senate Research

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RA/slp