



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1564

~~domestic water districts; wastewater; annexation~~
(NOW: on-farm irrigation efficiency; fund; appropriation)

As passed by the Senate, S.B. 1564 outlined requirements for municipalities, domestic water improvement districts (water districts) and domestic wastewater improvement districts (wastewater districts) following the municipal annexation of any portion of a water or wastewater district.

The House of Representatives adopted a strike-everything amendment that does the following:

Purpose

Establishes the On-Farm Irrigation Efficiency Pilot Program (Pilot Program) and the On-Farm Irrigation Efficiency Fund (Fund) administered by the University of Arizona Cooperative Extension (Cooperative Extension). Outlines Pilot Program and Fund requirements.

Background

In cooperation with the U.S. Department of Agriculture, a college in each state may provide for agricultural extension work to diffuse useful and practical information relating to: 1) agriculture; 2) uses of solar energy with respect to agriculture; 3) home economics; and 4) rural energy. Cooperative agricultural extension work consists of developing practical applications for research knowledge and giving practical demonstrations of existing or improved practices or technologies to persons who do not attend the college. The Smith-Lever Act of 1914 authorized the Arizona Board of Regents to: 1) receive appropriated grant monies; and 2) organize and conduct agricultural extension work in connection with the College of Agriculture of the University of Arizona. The Cooperative Extension offers services relating to: 1) youth development; 2) agriculture and natural resources; 3) family, consumer and health sciences; and 4) tribal initiatives (7 U.S.C. §§ [341](#) and [342](#); [A.R.S. § 3-121](#); and [UA](#)).

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

Provisions

1. Establishes the Pilot Program, administered by the Cooperative Extension, to provide grants and collect data for on-farm irrigation efficiency systems, while minimizing or eliminating the use of flood irrigation or fallowing to reduce on-farm use, of:
 - a) groundwater;
 - b) surface water;
 - c) mainstream Colorado River water; or
 - d) water delivered through the Central Arizona Project (CAP).

2. Establishes the Fund, administered by the Cooperative Extension, consisting of:
 - a) legislative appropriations;
 - b) federal agency grants; and
 - c) monies from other lawful sources.
3. Allows Fund monies to be used for acquiring and installing an on-farm irrigation efficiency system approved by the Cooperative Extension to replace or modify flood irrigation systems if:
 - a) the approved system has demonstrated at least a 20 percent savings in the amount of water used compared to flood irrigation systems;
 - b) the projected water savings from the system, the crop type and estimated water usage based on water frequency and durations is likely to result in a water savings of 20 percent or more compared to normal flood irrigation practices;
 - c) the applicant provides record of active farming for three of the previous five years for the proposed acreage at the time of application; and
 - d) the type of crop to be irrigated with the installed system has been grown in the agricultural region over the previous five years at the time of application to allow for an appropriate comparison of water savings.
4. Allows the Cooperative Extension to use up to \$1,000,000 of Fund monies for irrigation efficiency demonstration, research and education.
5. Caps, at 10 percent, the amount of Fund monies that may be used for the Pilot Program and Fund administrative costs.
6. Caps grants for replacing or modifying flood irrigation systems at:
 - a) \$1,000,000 per farm unit; or
 - b) \$1,500 per acre of irrigable land served by the system.
7. Requires the demonstration of 20 percent savings to be made through:
 - a) independently verified demonstration projects in Arizona; or
 - b) an accredited university analysis that examines irrigation and energy efficiency and any other benefits to the irrigable land and to crops grown on the irrigable land that take into account Arizona's climate and crop and farming practices.
8. Allows the Cooperative Extension, in determining whether to approve an on-farm irrigation efficiency system application, to give preference to a system that the Cooperative Extension determines will:
 - a) most cost-effectively reduce on-farm water usage;
 - b) minimize energy usage to the benefit of Arizona;
 - c) maximize any other benefits to the irrigable land or crops grown on the irrigable land; and
 - d) provide opportunities for data collection for diverse high agricultural water use regions in Arizona.
9. Requires, as a condition of the grant, the Cooperative Extension to require the applicant to:
 - a) certify the installation of the new on-farm irrigation efficiency system;

- b) agree to use the new system for three years; and
 - c) report on the individual fields that receive the benefit of the monies in order to demonstrate water delivery reductions on the affected fields.
10. Allows applicants who did not receive their delivery of mainstream Colorado River water or CAP-conveyed water for on-farm irrigation use due to Lake Mead shortages to use water savings to farm fallowed irrigated acreage.
 11. Prohibits applicants other than those using mainstream Colorado River water or CAP-conveyed water from irrigating additional lands with water savings.
 12. Prohibits recipients of Fund monies from receiving a state tax credit for the portion of an on-farm irrigation efficiency system purchased with grant monies under the Pilot Program.
 13. Requires the application for a grant of monies to be on a form prescribed by the Cooperative Extension, including:
 - a) the name of the landowner in which title to the real property is vested;
 - b) the name of the irrigation district delivering water to the land, if applicable;
 - c) the legal description of the irrigated fields intended to benefit from the grant;
 - d) a description of the water right or entitlement that currently supports the irrigated agriculture;
 - e) water use and cropping history for the five calendar years immediately preceding the application;
 - f) a description of the current irrigation delivery system and the proposed on-farm irrigation efficiency system technology; and
 - g) any other information the Cooperative Extension requires.
 14. Allows the Cooperative Extension to accept and deposit monies, grants, gifts, contributions and devises in the Fund to assist in carrying out the purposes of the Fund and Pilot Program.
 15. Requires, before December 31 of each year, the Cooperative Extension to submit a written report describing Cooperative Extension activities related to Fund expenditures for on-farm irrigation efficiency systems for the preceding fiscal year to:
 - a) the Speaker of the House of Representatives; and
 - b) the President of the Senate.
 16. Requires, before December 31 of each year, the Cooperative Extension to provide a copy of the report to the Secretary of State.
 17. Requires the report to identify, at a minimum:
 - a) the specific fields where implementation occurred;
 - b) the legal character of the water used on the fields;
 - c) the soil type and types of crops produced;
 - d) the quantity of water conserved by the implementation of the system; and
 - e) any other relevant data to better inform future decisions on strategically deploying on-farm irrigation efficiency systems or programs to use agricultural water more efficiently in Arizona.

18. Repeals, on January 1, 2026, the Pilot Program.

19. Specifies that monies in the Fund are continuously appropriated and exempt from lapsing.

20. Defines terms.

21. Becomes effective on the general effective date.

Amendments Adopted by the House of Representatives

- Adopted the strike-everything amendment relating to the establishment of the On-Farm Irrigation Efficiency Pilot Program.

House Action

NREW	3/2/22	DPA/SE	11-1-0-0
3 rd Read	6/22/22		58-0-2

Prepared by Senate Research

June 22, 2022

RC/slp