



*Public Notice Pursuant to A.R.S. § 38-431.02*

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
BOARD OF DIRECTORS**

**MEETING NOTICE AND AGENDA**

***March 27, 2025, 11:00 a.m.***

**This meeting will be held as a Hybrid meeting.  
Attendance in person is welcomed; Others may join via Zoom.  
Access this [Link](#) to join via Zoom. Meeting ID: 865 3483 4377  
(Option to join by phone: 602-753-0140, same Meeting ID as above)**

- A. Call to Order**
- B. General Business—Items for Discussion and Possible Action**
  - 1. Approval of the Minutes for the February 27, 2025 Meeting
  - 2. Next Meeting Date: April 24, 2025 at 11:00 a.m.
  - 3. Ag-to-Urban Concept
  - 4. 2025 Legislative Session
  - 5. Fiscal Year 2025 Quarterly Financial Statements – Second Quarter
- C. Executive Director’s Report**
- D. Future Agenda Items**
- E. Adjournment**

\*The order of the agenda may be altered or changed by the AMWUA Board of Directors. Members of the AMWUA Board of Directors may attend in person or by internet conferencing.

More information about AMWUA public meetings is available online at [www.amwua.org/what-we-do/public-meetings](http://www.amwua.org/what-we-do/public-meetings), or by request.

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**Arizona Municipal Water Users Association**



**BOARD OF DIRECTORS  
MEETING MINUTES  
FEBRUARY 27, 2025  
HYBRID MEETING**

**BOARD MEMBERS PRESENT**

Mayor Mark Freeman, Mesa, Vice President  
Councilwoman Kesha Hodge Washington, Phoenix, Secretary/Treasurer  
Vice Mayor Curtis Nielson, Avondale  
Councilmember Matt Orlando, Chandler  
Councilmember Bart Turner, Glendale  
Councilmember Laura Kaino, Goodyear  
Vice Mayor Jennifer Crawford, Peoria  
Mayor Lisa Borowsky, Scottsdale  
Councilmember Nikki Amberg, Tempe

**BOARD MEMBERS NOT PRESENT**

Mayor Scott Anderson, Gilbert, President

**AMWUA Staff**

Michelle Barclay, AMWUA  
Paul Bergelin, AMWUA  
Tyenesha Fields, AMWUA

Michael Monti, AMWUA  
Rhett Larson, AMWUA  
Warren Tenney, AMWUA

Sheri Trapp, AMWUA  
Simone Williams, AMWUA

**A. Call to Order**

Councilwoman Kesha Hodge Washington called the meeting to order at 11:09 a.m.

Mayor Mark Freeman arrived at 11:11 a.m. and chaired the meeting following the Call to Order.

**B. General Business – Items for Discussion and Possible Action**

**1. Approval of the Minutes from the January 30, 2025 Meeting**

Upon a motion made by Vice Mayor Curtis Nielson and a second made by Councilmember Laura Kaino, the AMWUA Board of Directors unanimously approved the January 30, 2025 meeting minutes.

**2. Next Meeting Date: Thursday, April 24, 2025 – 11:00 a.m.**

### 3. Ag-to-Urban

Warren Tenney, AMWUA's Executive Director, discussed the ongoing legislative session, highlighting that there are 124 water bills, many with a major focus on the 100-year Assured Water Supply Program. A key water topic is the Ag-to-Urban concept, which aims to transition agricultural land to subdivisions, reducing groundwater use since farming consumes more unreplenished groundwater.

Currently, there are two parallel efforts: a legislative track, represented by Senate Bill 1611, and ADWR's rulemaking process. AMWUA has been engaged in both, advocating for a well-structured program that truly benefits the aquifer. SB 1611 builds on last year's proposal but does not fully address ADWR's guardrails, leading AMWUA to withhold support. Meanwhile, ADWR recently released a more detailed plan with clearer mechanics.

Additionally, AMWUA received a letter from the mayors of Buckeye and Queen Creek, criticizing its stance on the legislative proposal. At the ADWR stakeholder meeting, ADWR Director Tom Buschatzke acknowledged they had seen the letter, and plans to clarify its points. Mr. Tenney said he thought it was best to wait for ADWR's response rather than comment on it.

With growing water challenges, including projected reductions in Colorado River supplies after 2026, Mr. Tenney stressed the importance of ensuring any new policy is carefully designed to protect Arizona's water future. AMWUA will continue analyzing both proposals and comparing their pros and cons.

Mayor Freeman requested AMWUA's legal counsel, Rhett Larson, to provide his perspective after Mr. Bergelin's presentation.

Paul Bergelin, AMWUA's Water Advisor, provided an overview of the two Ag-to-Urban proposals—one legislative and one from the ADWR. Both aim to retire Irrigation Grandfather Rights (IGFRs) and create credits to be used to demonstrate groundwater availability for assured water supply determinations.

The legislative approach would allow apply to both certificates and designations; whereas, the ADWR proposal would apply only to designated water providers in Phoenix and Pinal AMAs. For eligibility, the legislation has no historical usage specified but the ADWR proposal requires the IGFR to be used in 3 of the 5 previous years .

Mr. Bergelin explained that a key debate is whether the program should apply to both designations (water providers) and certificates (subdivisions). The legislative approach allows both, while ADWR's is limited to designations. Some argue certificates could serve as a bridge to designation, but there's no historical precedent for such transitions .

The Ag-to-Urban proposal includes groundwater modeling as a key criterion for determining whether there is sufficient groundwater available to justify the conversion of acreage. The legislative proposal requires an ADWR-approved method to ensure 100 years of groundwater

availability, measured to a depth below the land surface or bedrock. However, ADWR wants to use the groundwater model to prove 100-year groundwater availability for proposed wells, but acknowledging that further analysis is needed.

Regarding pumping rights, the legislative proposal treats credits as a form of groundwater rights, allowing holders to withdraw a specific volume of groundwater annually in perpetuity. In contrast, ADWR's proposal treats the credits as a finite allocation that must be pledged to a designated provider, who then manages the groundwater pumping. ADWR's approach also applies a lower conversion rate (1 acre-foot per acre) than the legislative proposal.

Replenishment is another area of difference. The legislative proposal ties replenishment rates to conversion rates, which raises feasibility questions as it diverges from existing groundwater management practices. ADWR's proposal aligns more closely with the I Assured Water Supply Program. It also includes a replenishment exemptions for groundwater pumping in the Buckeye waterlogged area, where high water levels justify exemptions from replenishment requirements.

ADWR's proposal includes conservation requirements for developments on the converted acreage.

ADWR also proposes a 10-year program timeline with a sunset review to evaluate its effectiveness, a feature not present in the legislative proposal. This evaluation mechanism is seen as a safeguard to ensure the program benefits the aquifer and allows adjustments if needed.

Overall, while both proposals aim to balance groundwater availability and urban expansion, ADWR's approach emphasizes more guardrails and structure; whereas, the legislative proposal grants more expansive and indefinite groundwater rights.

Mr. Tenney thanked Mr. Bergelin and Simone Williams, AMWUA's Water Policy Analyst, for their hard work to review ADWR's proposal in the past 24 hours. ADWR has requested feedback by next week, and the team will work with the Water Resource Advisors Group to provide comments within the given timeline.

There is a strong focus on ensuring the final Ag-to-Urban proposal benefits the aquifer. Whether the proposal will go through rules or legislation, AMWUA is focused on the details of the proposal itself and its outcome. AMWUA will continue to engage with stakeholders, including the WRAG, InterGovs, and the Management Board, to ensure the proposal is refined in a way that benefits the aquifer and meets the shared goals.

Mr. Larson explained that rulemaking allows for more flexibility and deliberation but takes longer, while legislation moves faster but introduces rigidity. ADWR's proposal includes a sunset provision, which allows for slow, deliberate action initially, followed by easier amendments through rulemaking. Given the uncertainty in the Colorado River Basin, a more flexible, lengthy deliberative process may be preferable. Mr. Larson also noted that while rulemaking might expose the process to litigation risks, these could be mitigated if the legislature provides clear details. Without this, litigation may still arise. He emphasized the importance of historic water use and the potential issues with retiring irrigation grandfathered rights that haven't been used in a long time. Additionally, Mr. Larson raised concerns about the proposed conversion of irrigation grandfathered rights into a new groundwater right, suggesting that this could create complications similar to the

existing Type 1 non-irrigation grandfathered rights process. The current legislative proposal may introduce a new category, raising further concerns.

Mayor Freeman expressed appreciation for the ongoing discussion regarding agricultural land conversion to urban development. He supported the eligibility requiring three out of the last five years of pumping for conversion, which aligns with agricultural tax exemption criteria. He agreed with the importance of guardrails to ensure a 100-year water supply. He stressed the importance of replenishing aquifers and warned that over-pumping could create long-term problems, especially as new developments require a consistent water supply. Mayor Freeman emphasized the need for firm action to protect municipalities and ensure sustainable water management moving forward.

Mayor Lisa Borowsky inquired about the next steps in the process. Mr. Tenney explained that ADWR has requested feedback on their proposal, which would then be further developed, so there is no need to take a formal action, at this time. AMWUA would work with the Water Resources Advisory Group to develop the initial feedback. , Regarding the legislation, AMWUA's current stance is to oppose.. The process may unfold quickly or slowly.

Mayor Borowsky stressed the need for further discussion, expressing concern about reaching consensus on the position being submitted. Mr. Tenney assured that feedback on ADWR's proposal would be gathered working with the Water Resources Managers He also noted ongoing stakeholder meetings. Mayor Borowsky agreed on the importance of understanding the details, noting that while Scottsdale may not be directly impacted, but surrounding municipalities will be. She expressed interest in further discussions to better grasp the proposal's impacts.

#### **4. 2025 Legislative Session**

Mr. Bergelin provided a legislative update, noting that the session is at its midpoint with approximately 1,677 bills, 124 resolutions, and 124 water-related bills—setting a new record. AMWUA follows an approved legislative agenda to evaluate bills and may adjust positions as legislation evolves. Mr. Bergelin reviewed key legislation for the AMWUA Board to take official positions on:

##### **HB 2106 – establishment; advanced water purification permit (Griffin)**

A "strike everything" amendment refining existing statutes on Arizona Department of Environmental Quality's oversight of wastewater treatment into drinking water quality. The bill strengthens regulations, requiring monitoring and inspections. AMWUA supports it, considering it crucial for municipal water supply security.

##### **HB 2298 – S/E: physical availability exemption credits; groundwater (Griffin)**

##### **SB 1611 – physical availability exemption credit; groundwater (Shope)**

AMWUA opposes the Ag-to-Urban program outlined because of inadequate protections for the aquifer. While not against the concept, the legislation needs refinement.

##### **SB 1236 – S/E: stormwater (Petersen)**

This bill allows credits for stormwater recharge but lacks a clear definition of stormwater and risks double counting water credits. AMWUA opposes it due to technical flaws and concerns over proper resource management.

**HB 1521 - unbuilt certificates; assured water supply (Dunn)**

This bill would allow the transfer of unbuilt certificates of assured water supply for developments, which would undermine existing water supply criteria and create localized hydrologic risks.

**HB 2299 – assured water supply; certificate; model (Griffin)**

This bill requires ADWR to review and approve Certificate applications submitted 1/26/2021 to 5/31/2023 using outdated groundwater models (2006-2009 Salt River Valley Regional Model and 2006 Lower Hassayampa Sub-Basin Groundwater Flow Model).

**SB 1114 – assured water supply; analysis; availability (Dunn)**

This bill requires ADWR to accept Analyses of Assured Water Supply as valid demonstrations of groundwater physical availability for Certificate applications, which would place a large new replenishment requirement on the CAGRDR.

**HB 2297 – designation; assured water supply; offset (Griffin)**

This bill puts ADAWS in statute but lowers groundwater offset for bringing in renewable supplies from 25% to 5% while increasing groundwater allowance 25-40%, which would enable more unreplenished groundwater pumping.

**HB 2204 – assured water supply; commingling (Griffin)**

This bill requires ADWR to only consider proposed new water source, even if it is delivered through a commingled system. Intended to allow Certificates based on renewable supplies, but absence of limits on a provider’s groundwater pumping could enable questionable accounting.

**HB 2413 – effluent; proportional share; recharge compensation (Kolodin)**

This bill requires municipal providers that operate wastewater systems to compensate customers for proportionate share of effluent the provider does not recharge. Jeopardizes some current effluent usage and weakens Assured Water Supply protections.

**HB 2414 – remedial groundwater incentives; PFAS (Kolodin)**

This bill allows providers in all AMAs to pump up a total of 65,000 AF of remediated groundwater (including PFAS contamination) annually and makes use consistent with management goal. Enables significantly more unreplenished pumping compared to current approach.

The following shows the recommended position on the legislation that was reviewed with the AMWUA Board.

**Support**

- HB 2106 – S/E: establishment; advanced water purification permit (Griffin)
- HB 2273 – lottery; on-farm irrigation efficiency fund (Griffin)
- SB 1448 – appropriation; on-farm irrigation efficiency fund (Dunn)
- HB 2273 – lottery; on-farm irrigation efficiency fund (Griffin)
- SB 1448 – appropriation; on-farm irrigation efficiency fund (Dunn)

## **Oppose**

- HB 2298 – S/E: physical availability exemption credits; groundwater (Griffin)
- HB 2568 – conservation requirements; industrial water use (Griffin)
- HB 2574 – small land subdivisions; requirements (Griffin)
- HB 2632 – regulatory costs; rulemaking; legislative ratification (Kolodin)
- HB 2729 – online exchange; groundwater sales (Kolodin)
- HCR 2039 – rulemaking; legislative ratification; regulatory costs (Kolodin)
- SB 1236 – S/E: stormwater (Petersen)
- SB 1260 – assured water supply; agricultural water (Dunn)
- SB 1521 – unbuilt certificates; assured water supply (Dunn)
- SB 1522 – waterlogged area; exemption area (Dunn)
- SB 1523 – water use; prohibition; landscaping (Dunn)
- SB 1530 – groundwater storage facility; withdrawals; area (Petersen)
- SB 1611 – physical availability exemption credit; groundwater (Shope)
- SCR 1008 – municipalities; counties; vote; fee increases (Petersen)

Councilmember Bart Turner made the motion to adopt the legislative positions on the bills discussed as recommended. Councilwoman Hodge Washington second the motion, which the Board approved unanimously.

Mr. Tenney noted that the legislative session includes confirmations for the Governor's appointed state agency directors. He acknowledged past challenges with confirmations and stated that the process is restarting. Governor Hobbs has re-nominated Karen Peters as the Arizona Department of Environmental Quality (ADEQ) Director. Given Peters' experience in water, she is highly qualified for the role. AMWUA plans to draft a letter of support for her and hopes for a smoother confirmation process than last year.

Michael Monti, from the Aarons Group, stated that AMWUA will assess which bills remain after the crossover period and prioritize actions based on AMWUA's direction.

## **C. Member Reports**

There were no member reports.

## **D. Executive Director's Report**

Mr. Tenney reported no new updates on Colorado River negotiations, noting that uncertainty has increased rather than decreased. The appointment of a new Reclamation Commissioner remains unknown, leaving many speculating on the federal government's approach. Hydrology on the river is below average, and while not dire, better conditions are needed. Closer to home, the Salt and Verde watersheds experienced one of the most discouraging winters on record, though reservoirs remain sufficient for now. Additionally, AMWUA continues to struggle with staffing shortages in conservation, as a promising candidate recently declined the position for personal reasons. The team remains committed to finding the right person but acknowledges the need for patience.

#### **E. Future Agenda Items**

Councilmember Turner suggested reviewing the type of positions AMWUA takes on legislation in order to signal openness to modifications.

Councilwoman Hodge Washington asked if AMWUA plans to respond to the letter from fellow cities. Mr. Tenney replied that AMWUA is waiting to see how ADWR responds to points raised in the letter while continuing discussions with stakeholders. He noted ongoing interactions with representatives from Queen Creek and Buckeye and emphasized that these conversations would continue as the Ag-to-Urban proposal evolves. He acknowledged that the cities in the letter seek water designations and support a workable Ag-to-Urban proposal.

#### **F. Adjournment**

Mayor Freeman adjourned the meeting at 12:49 p.m., following a motion by Mayor Borowsky, seconded by Councilwoman Hodge Washington.



**AMWUA BOARD OF DIRECTORS**  
**INFORMATION SUMMARY**  
**MARCH 27, 2025**

## **Ag-to-Urban Concept**

### **ANNUAL PLAN REFERENCE**

#### **Legislation**

Effectively advocate with one voice at the Legislature.

- Monitor, analyze and clarify state and federal legislation of interest to our members.
- Engage with legislators to inform them about the issues important to AMWUA including identifying and working with legislators to champion water issues.

*Strategic Plan: Collaborate and Advocate for Solutions, Safeguard Water Supplies, Reinforce Groundwater Management, Prepare for Impacts of Drought & Shortage, Pursue Post-2025 Water Policy*

### **SUMMARY**

At the March 12, 2025 AMWUA Management Board meeting, AMWUA staff provided an overview that compared and contrasted the ADWR and legislative Ag-to-Urban proposals. Since then, ADWR held another stakeholder meeting to report on initial feedback it received regarding its proposal. The legislative proposals are currently not moving at the Legislature.

AMWUA staff will provide an update about the dual Ag-to-Urban proposals as well as background about why the Ag-to-Urban program is being pursued.

### **RECOMMENDATION**

It is requested that the AMWUA Board of Directors ask questions and discuss the Ag-to-Urban concept.

## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

March 27, 2025

## 2025 Legislative Session

### ANNUAL PLAN REFERENCE

#### Legislation

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### SUMMARY

This session, the Legislature has introduced 1,677 bills and 125 memorials and resolutions. Of those, 124 bills are water related, which is a new and unfortunate record. The AMWUA Board has taken a position of support or oppose on 53 of those bills.

AMWUA staff has been working to amend two bills. SB 1523 would prohibit municipalities from setting minimum landscape requirements as well as non-functional turf and plants not on ADWR's low-water-use plant list. AMWUA has proposed an amendment that would limit the bill's focus on non-functional turf and the low water-use-plants. The sponsor has indicated his willingness to accept the amendment. If the amendment is adopted, AMWUA staff is recommending that AMWUA's position change from oppose to support.

HB 2753 and SB 1393 would apply last year's SB 1181 to the Pinal AMA. SB 1181 allowed newly Designated water providers in the Phoenix AMA to have a transition time for taking on the replenishment obligation from the CAGR for existing member lands in the provider's service area. AMWUA had no position on the bills since it applied only to the Pima AMA; however, both bills were amended with a clause about developer's financial responsibility for acquiring new water supplies that would apply to all designations. The intention of the floor amendment was to have this clause apply to only ADAWS providers. AMWUA has worked to ensure the bill was only limited to ADAWS providers. The Management Board recommended opposing the bill unless amended.

Staff will give an update on the key bills that AMWUA is closely tracking.

**RECOMMENDATION**

The Management Board recommended to oppose, unless amended, SB 1523 and SB 1393 & HB 2753.

The AMWUA Board is requested to ask questions, discuss, and if necessary, provide direction on the water bills discussed at the March 27, 2025 meeting.

**SUGGESTED MOTION**

I move to support SB 1523, if amended, and to oppose SB 1393 & HB 2753, unless amended.

## **KEY WATER LEGISLATION**

### **HB 2103 appropriation; Colorado River Compact; defense (Griffin)**

*Position – Support*

HB 2103 appropriates \$1 million from the state General Fund to the Arizona Department of Water Resources to defend, protect, and enforce Arizona’s allocation of Colorado River water under the Colorado River Compact.

*Latest action – HB 2103 passed the House on February 13, with a 53-0 vote after a failed floor amendment. It was transmitted to the Senate, receiving its first read on February 25 and a second on February 26. The bill is now awaiting committee action in Natural Resource, Appropriations, and Rules.*

### **HB 2106 S/E: establishment; advanced water purification permit (Griffin)**

*Position – Support*

The strike-everything amendment to HB 2106 provides additional regulatory clarity on the Arizona Department of Environmental Quality’s (AQEQ) authority for Advanced Water Purification (AWP) permits. Specifically, it requires AWP permittees to engage in source control of pollutants that interfere with facility operations or endanger public health. Permit applicants must also show they have the local authority to enforce measures necessary for source control of pollutants. Finally, the bill clarifies ADEQ’s authority to inspect AWP facilities and requires monitoring for these facilities. AWP is one of few new water supplies that could come online within the next decade, and we support efforts to provide assurance that it is a clean and safe source.

*Latest action – HB 2106 passed out of the House Natural Resources, Energy & Water Committee with a unanimous vote. It was placed on the COW consent calendar on February 24 but was protested off so that a floor amendment could be added to make some additional regulatory changes requested by ADEQ. It was approved by the Rules Committee (7-0-0-1) on February 24 and placed on the COW Consent Calendar the same day, with both the House Majority and Minority Caucuses supporting it.*

### **HB 2204 assured water supply; commingling (Griffin)**

*Position - Oppose*

HB 2204 would direct the Arizona Department of Water Resources (ADWR) to consider any type of waters that are commingled when making an Assured Water Supply (AWS) determination.

Most water providers utilize a combination of water supplies in their systems, such as groundwater, Central Arizona Project water, and Salt River Project water. Water providers that have Designations of Assured Water Supply like the AMWUA cities have their water supplies reviewed every 10-15 years by the ADWR to determine compliance with AWS criteria. This is

why subdivisions that receive service from these designated providers do not need to obtain Certificates of Assured Water Supply (CAWS). Water providers that lack designations must have their supplies regularly reviewed by ADWR when it is evaluating whether to issue a CAWS for a proposed development. Since the Phoenix AMA groundwater model projected that groundwater is overallocated over the next 100 years, ADWR has refused to issue any CAWS for proposed developments served by undesignated providers that have groundwater commingled in their distribution system.

There has been an effort to allow CAWS to be issued for developments served by undesignated providers if these providers obtain renewable water supplies for these developments. However, the key issue that must be addressed is limiting the amount of groundwater that these undesignated water providers pump. Absent any limitation, a provider could simply shift around renewable supplies in its portfolio to serve a CAWS while pumping greater volumes of groundwater, which is inimical to the AWS Program's goal.

HB 2204 also contains a provision prohibiting ADWR from requiring a subdivider to obtain a water supply that is more than 100% of the water needed to meet the subdivider's purpose when applying for a CAWS or commitment of water service. There are concerns that this amendment could make this bill conflict with ADWR's upcoming Alternative Pathway to Designation rules which led us to change our recommended position to oppose.

HB 2204 is a repeat of [HB 2017 \(assured water supply; commingling\)](#) from last session, which Governor Hobbs vetoed. AMWUA was opposed to that bill.

*Latest action - HB 2204 passed the House (31-25-4) on March 10, after amendment. It was sent to the Senate, where it received a first reading on March 17 and awaits review by the Natural Resources and Rules Committees.*

### **[HB 2270](#) groundwater model; stormwater recharge; AMAs (Griffin)**

*Position – Oppose*

HB 2270 would require the Arizona Department of Water Resources (ADWR) to adopt rules to update its groundwater models for active management areas (AMAs) to account for any natural, incidental, or artificial stormwater recharge created through new or existing infrastructure. Any recharge generated by this new or existing infrastructure would be assumed to offset a portion of future groundwater use. Finally, ADWR would be required to annually update these models to reflect any new recharge.

Stormwater recharge have been discussed as a way to improve aquifer health, but there are many logistical challenges to these efforts which may make modeling impractical. The volume of water generated by precipitation and the frequency of precipitation events may vary with each year to the extent that it makes no appreciable difference in the long-term health of aquifers. Whether stormwater recharge actually percolates deep enough to benefit the aquifer is also an unresolved question. The Arizona Tri-University Recharge and Water Reliability Project is currently researching where and when water might be available for recharge. It would be best to wait for this group to conclude its work before proposing legislative changes. Finally,

there is the possibility that stormwater recharge is captured by a Designated provider's groundwater allowance, which increases by at least 4% annually based on incidental recharge.

*Latest action – HB 2270 passed out of the House (32-26) on February 20 and advanced through the Senate Natural Resources (5-3) and Rules Committees. It was placed on the Consent Calendar and awaits final Senate action.*

**HB 2297 designation; assured water supply; offset (Griffin)**

*Position – Oppose*

HB 2297 would write into statute the recently adopted rules for the Alternative Pathway to Designation (ADWR). However, this version of ADAWS would drastically reduce the cut to groundwater physical availability when a provider incorporates renewable supplies into its designation from 25% to 5% of the 100-year volume for those renewable supplies. We opposed this effort because the 25% “groundwater offset” is essential for ADAWS to work to sufficiently a provider's reduce long-term groundwater pumping when there is unmet demand in the Phoenix AMA.

*Latest Action – HB 2297 failed to obtain the 2/3 vote necessary to pass the House of Representatives.*

**HB 2298 S/E: physical availability exemption credits; groundwater (Griffin)**

*Position – Oppose*

The strike-everything amendment to HB 2298 establishes a program allowing landowners in the Phoenix, Pinal, and Tucson Active Management Areas (AMAs) to permanently relinquish Irrigation Grandfathered Rights (IGRs) in exchange for credits. These credits can be used to satisfy Assured Water Supply (AWS) requirements without demonstrating physical groundwater availability. The bill permits groundwater pumping for development under set withdrawal and replenishment conditions, with replenishment percentages varying by AMA and withdrawal level.

For Phoenix and Tucson AMAs:

- 2.0 AF per acre – 67% replenishment required (1.33 AF per acre)
- 1.5 AF per acre – 50% replenishment required (0.75 AF per acre)
- 1.0 AF per acre – 33% replenishment required (0.33 AF per acre)

For Pinal AMA:

- 1.5 AF per acre – 100% replenishment required
- AF per acre – 67% replenishment required (0.67 AF per acre)
- 0.5 AF per acre – 33% replenishment required (0.167 AF per acre)

The credits would be tied to specific retired agricultural lands and could be transferred to municipal water providers or subsequent landowners. Groundwater associated with these

credits would be exempt from physical availability requirements for AWS determinations. The bill also mandates the Arizona Department of Water Resources (ADWR) to process applications within 90 days and allows replenishment obligations to be met with effluent in certain areas.

HB 2298 shares similarities with SB 1611 by converting IGFRs into physical availability exemption credits. This bill permits groundwater pumping within one mile of retired irrigation lands and bypasses the Alternative Pathway to Designation. Additionally, HB 2298 explicitly permits credit transfers between providers, increasing flexibility but raising concerns about uncontrolled groundwater use. Neither bill requires municipal providers to obtain an AWS Designation.

While intended to facilitate agricultural-to-urban water transfers, HB 2298 raises concerns about long-term groundwater sustainability. It could allow large-scale groundwater pumping without sufficient oversight, weaken AWS protections, and create conflicts with the newly approved Alternative Pathway to Designation (ADAWS) rules, which were designed to strengthen groundwater management for urban growth. Without additional safeguards, this policy shift risks permanently impacting aquifer health and diminishing Arizona's long-term water security.

This bill is on the agenda for the House Natural Resources, Energy & Water Committee on February 20, 2025.

*Latest Action – HB 2298 is awaiting a 3<sup>rd</sup> read vote in the House of Representatives.*

### **HB 2299 assured water supply; certificate; model (Griffin)**

*Position – Oppose*

HB 2299 would require ADWR to review undecided or denied applications for Certificates of Assured Water Supply (CAWS) if the applicant requests such a review. Only applications filed within the Phoenix AMA and between January 26, 2021 and May 31, 2023 are eligible for review. ADWR must notify all eligible applicants of the possible review within five days of the effective date of this bill, and the review must be requested within 90 days of the effective date of this bill. ADWR must issue a determination for these reviews within 15 days and must use the 2006-2009 Salt River Valley Regional Model or the 2006 Lower Hassayampa Sub-Basin Model when conducting these reviews.

HB 2299 is a repeat of [HB 2062 \(assured water supply; certificate; model\)](#) from last session, which was vetoed. It attempts to free up water that is held by certificates that were either denied or had their development put on hold due to the release of the Phoenix AMA Groundwater Model. The requirement for ADWR to use outdated models for these reviews would enable significantly more groundwater pumping, which would undermine aquifer health and could adversely impact some AMWUA members. It also has the potential to blow up the Central Arizona Groundwater Replenishment District by forcing it to assume more replenishment obligations than its portfolio can support.

*Latest Action – HB2299 failed to pass the House with a 26-34 vote on February 26<sup>th</sup> but was reconsidered and placed on Third Reading. It failed again on March 12 (29-26-5).*

**HB 2568 conservation requirements; industrial water use (Griffin)**

*Position – Oppose*

HB 2568 would require the Arizona Department of Water Resources (ADWR) to develop conservation requirements for industrial facilities that use more than 100 AF per year and are only required to submit a plan to improve efficiency as part of an active management area's (AMA) management plan. These conservation requirements would include on-site water reuse, recycling, and efficiency improvements. To be subject to this requirement, a facility would need to be in an AMA where the Legislature authorized the Alternative Pathway to Designation of Assured Water Supply (ADAWS) and an agriculture-to-urban program.

While we appreciate efforts to enhance conservation efforts for “new large industrial users” currently regulated under the AMA’s management plan, the conditions for requiring these efforts are unacceptable. ADWR—not Legislature—created ADAWS, and we would be very concerned about efforts to put ADAWS in Arizona Revised Statute, where it could be easily altered by lawmakers. It makes no sense to require the creation of an agriculture-to-urban program for a completely unrelated water conservation program.

*Latest action – HB 2568 passed the House (33-27) on Feb. 26 and was sent to the Senate, where it had its first and second readings on March 3-4. It awaits action in the Natural Resources and Rules Committee.*

**HB 2753 groundwater replenishment; Pinal AMA (Martinez)**

*Position - Oppose*

Building upon SB1181 from the last legislative session, which was specific to the Phoenix AMA, HB 2753 is specific to the Pinal AMA. It outlines a structured transition for newly Designated providers to gradually assume groundwater replenishment responsibilities within their service areas over a ten-year period, starting with at least 10% annually. The bill also restricts the enrollment of new member lands into a provider’s service area post-Assured Water Supply designation and permits the use of extinguishment credits and groundwater allowances under specified agreements.

SB 1181 was intended to ease the financial cost of replenishment for water providers that became Designated under the Alternative Pathway to Designation (ADAWS) Rules. In addition to the Phoenix AMA, these rules also established a way for a water provider in the Pinal AMA to obtain an ADAWS. However, SB 1181’s provisions only applied to the Phoenix AMA. HB 2753 would apply these provisions to the Pinal AMA and similarly direct ADWR to amend its rules by 2026.

AMWUA had no position on the bill since it applied only to the Pinal AMA. However, an amendment was added to it that specified developers' financial obligations do not apply to



additional water supply contributions beyond their own projects, which would limit available funding for regional replenishment efforts. Since this provision applied to all designated providers including the Phoenix AMA, AMWUA has opposed the bill and is working to limit the bill to only ADAWS providers.

*Latest action – HB 2753 was amended on the floor and passed the House (31-26-3) on March 4. The bill was transmitted to the Senate, where it had its first reading on March 10, and was assigned to the Natural Resources and Rules Committees.*

### **HCR 2038 rulemaking; legislative ratification; regulatory costs (Kolodin)**

*Recommended Position – Oppose*

HCR 2038 is a voter referral that contains part of the language in HB 2632. Specifically, it would empower the Legislature to eliminate an agency rule that costs taxpayers more than \$1 million per year. If passed by the Legislature, this measure would appear on the 2026 general election ballot. Our concern is that HCR 2038 could enable the Legislature to repeal any or all the current Assured Water Supply Rules, which would undermine the water security our members have worked to achieve.

*Latest Action – HCR 2038 passed House committees with amendments and was approved in caucus. On February 19, it was adopted with amendments and awaits further House action.*

### **SB 1013 municipalities; counties; fee increases; vote (Petersen)**

*Position – Oppose*

SB 1013 is a repeat bill that prohibits a city or town council from levying or imposing an increase in any assessment, tax, or fee without a 2/3 vote. It also imposes a similar requirement on county boards of supervisors.

Senate President Petersen introduced an identical bill last session (SB 1056) that passed the Senate despite opposition from the Arizona League of Cities & Towns, the County Supervisors Association of Arizona, and numerous cities and towns. This bill stalled in the House after it was amended with a strike-everything amendment that contained a version of the language in SB 1181 (groundwater replenishment; member lands; areas) that applied only to the Pinal AMA. Ultimately, SB 1181 moved forward and was signed into law, and there was no effort to restore SB 1056 to its original language.

Last session, AMWUA opposed SB 1056 because it would create additional barriers that undermine the ability of cities and their water and wastewater utilities to serve their residents. The policy contained in this bill remains harmful to AMWUA's membership. Therefore, a position of "oppose" is warranted.

*Latest Action – SB 1013 passed out of the Senate (17-12-1) on February 3. It had its first and second readings in the House on February 26-27. The bill was withdrawn from the Government*

*Committee on March 5 and reassigned to the Judiciary and Rules Committees, where it awaits further action.*

**SB 1114 assured water supply; analysis; availability (Dunn)**

*Position – Oppose*

SB 1114 is a repeat of HB 2589 (assured water supply; analysis; availability) from last legislative session. This bill would require the Arizona Department of Water Resources (ADWR) to consider an Analysis of Assured Water Supply (that was issued before May 31, 2023, and has not expired) as a valid demonstration of physical availability of groundwater for the amount stated in the Analysis. The analysis must have included a finding of physical availability of groundwater. Additionally, ADWR must subtract the amount of groundwater “represented” by all Certificates that were already issued based on the analysis from the amount of groundwater considered physically available based on the analysis. An Analysis holder would be allowed to reduce the remaining volume of groundwater reserved in that Analysis by 15% after a Certificate has been issued.

SB 1114 is an attempt to require ADWR to resume the granting of some Certificates despite the release of the Phoenix AMA groundwater model. Issued Analyses are already considered in the model, and it has been demonstrated that sufficient physical availability does not exist. The Analyses that this bill applies to would not have been issued if they were based on ADWR’s most recent modeling. In fact, ADWR has stopped issuing new Analyses in the Phoenix AMA simply because there is not enough physical availability of groundwater. Requiring ADWR to issue Certificates based on the outdated modeling from these Analyses would be contrary sound water management or scientific best practices.

*Last Action – SB 1114 passed Senate (17-12-1) on March 3 with amendments and moved to the House. It passed the Natural Resources Committee (5-3) on March 18 and awaits action in the Rules Committee.*

**SB 1236 S/E: stormwater (Petersen)**

*Position – Oppose*

The strike-everything amendment to SB 1236 would allow someone to store “stormwater” at a constructed underground storage facility (USF) to earn a new type of credit called a “replenishment credit.” This credit could be used to offset the storer’s replenishment obligation for pumping that occurred within two miles of the USF or pumping in a provider’s service area if that service area is within two miles of the USF. Any credits would be treated as groundwater and not as stored water.

There are numerous technical problems with this bill that make its implementation impractical. “Stormwater” is not defined anywhere in the bill, so it is unclear how it is different than appropriable surface water. It is also unclear how the Arizona Department of Water Resources should determine who has the rights to stormwater. Additionally, creating a new type of credit

seems questionable. Currently, when water is stored at a USF, it generates a long-term storage credit than can be used to offset required replenishment for groundwater pumping. Taken together, these technical issues would undermine the ability of this bill to function as planned.

*Latest Action – SB 1236 passed the Senate (17-10-3) on March 6 after being amended. It awaits action in the House NREW and Rules Committees after its March 10 first reading. The bill was placed on the NREW calendar for March 8 but was removed, likely to facilitate discussion of an amendment.*

### **SB 1393 NOW groundwater replenishments; Pinal AMA (Shope)**

***Position – Oppose***

SB 1393, originally a technical correction bill, was amended with a strike-everything (SE) amendment to focus on groundwater replenishment in the Pinal AMA.

Same as HB 2753, SB1393 is revises groundwater replenishment requirements in the Pinal Active Management Area (AMA). Key changes include clarifying the obligations of subdividers in securing assured water supplies, adjusting rules for municipal providers assuming groundwater replenishment responsibilities, and restricting requirements on subdivided landowners to pay for off-site groundwater replenishment.

*Latest Action – SB 1393 passed the Senate (17-10-3) on March 6 with amendments and was transmitted to the House. It passed the Natural Resources Committee (5-4) on March 18 and awaits action in the Rules Committee.*

### **SB 1521 unbuilt certificates; assured water supply (Dunn)**

***Position – Oppose***

SB 1521 allows the sale, transfer, or aggregation of unbuilt Certificates of Assured Water Supply separate from their original lots or parcels. Transactions are permitted within the same sub-basin of an active management area (AMA), and any wells must remain in the same sub-basin. The transferred certificate must be used for the same purpose as the original. If the transaction involves another lot or parcel within the same master planned community or common promotion plan, construction must begin within 10 years of the transaction. If not, construction on the proposed lot or subdivision must begin within 5 years. If the unbuilt certificate will be served by a municipal provider, it can be transferred anywhere within that provider's service area.

SB 1521 could weaken the Assured Water Supply Program, which ties water use to specific developments to ensure long-term sustainability. Certificates that rely on groundwater are issued when modeling demonstrates that a 100-year water supply exists for the proposed used at a particular location. Decoupling this physical availability determination from the original parcel(s) risks creating speculative water trading, potentially leading to over-allocation of groundwater resources within AMAs. This could complicate Designated providers' efforts to

manage water supplies sustainably, as it introduces uncertainty about actual groundwater demand and growth projections in the region.

*Latest Action – SB 1521 passed the Senate (17-11-2) on March 13 and was transmitted to the House for further consideration.*

### **SB 1522 waterlogged area; exemption area (Dunn)**

*Position – Oppose*

Last year, the Legislature passed SB 1081 (exemption area; assured water supply), which allowed part of Buckeye’s service area within the Buckeye Waterlogged Area (BWLA) and Buckeye Water Conservation and Drainage District to obtain a Designation of Assured Water Supply if the city contracted with the district for at least 100 years’ of service on those lands and several Assured Water Supply criteria were met.

As amended, SB 1522 would allow Buckeye to pump up to 10,000 acre-feet of water annually from the BWLA to support this partial Designation of its service area. This pumping would be deemed consistent with the Phoenix Active Management Area’s (AMA) management goal and not considered excess groundwater for the purposes of reporting to the Central Arizona Groundwater Replenishment District for as long as the BWLA remains legally designated. Additionally, this pumping would be considered sufficient water for an Assured Water Supply determination. This provision would apply retroactively starting in 1989.

This bill could undermine groundwater conservation efforts within the Phoenix AMA, potentially increasing unsustainable groundwater withdrawals and jeopardizing long-term regional water sustainability. Although the BWLA currently exists, there is no guarantee that it will exist into the future—particularly if effluent releases from the 91<sup>st</sup> Avenue Wastewater Treatment Plant are reduced. Declaring that pumping 10,000 acre-feet of groundwater/subflow will be physically available for Assured Water Supply purposes is questionable with the area’s future hydrology.

*Latest Action – SB 1522 passed the Natural Resources Committee on February 18th with a 4-3-1 vote after being amended and was approved in caucuses. The amendment broadens the definition of eligible water sources. The bill advanced through the Senate Rules Committee and was adopted on March 3 after further amendment. It now awaits further Senate action.*

### **SB 1523 water use; prohibition; landscaping (Dunn)**

*Position – Oppose*

SB 1523 would prohibit municipalities in the Prescott, Phoenix, Tucson, and Santa Cruz Active Management Areas (AMAs) from adopting or enforcing any requirement that mandates minimum numbers of trees, size for trees or shrubs, percentage of ground cover, or amount of turf. It would similarly prohibit requirements for open space beyond what is necessary for retention and detached sidewalks. Finally, SB 1523 would prohibit municipalities in these AMAs

and the Pinal AMA from adopting or enforcing any requirement that establishes minimum turf requirements (except for functional turf associated with public recreational use areas or other public spaces) and the installation of plants not included in the Arizona Department of Water Resources low-water-use and drought-tolerant plant list.

Municipal governments enact minimum landscaping standards for various benefits, including providing shade to residents, combating heat island effects, and mitigating dust and air quality issues. These benefits are particularly important for keeping our communities livable as we face a hotter, dryer future in the desert.

*Latest Action – SB 1523 passed the Senate (17-12-1) on March 5 with amendments and was transmitted to the House, where it was read on March 11-12 and assigned to NREW and Rules Committees, awaiting further action. The bill was placed on the NREW calendar for March 8 but was removed, likely to facilitate discussion of an amendment.*

### **SB 1530 groundwater storage facility; withdrawals; area (Petersen)**

*Position – Oppose*

SB 1530 would require ADWR to assume that a recovery well located within the area of impact (AOI) if the permit applicant did not submit a hydrologic study, and the recovery well is located within one mile of any of the following:

- The exterior boundary of a constructed underground storage facility (USF) basin or “other water storage infrastructure”.
- The middle line of a drainage channel within the storage area of a managed USF; or
- The exterior boundary of a district that has received a permit to operate as a groundwater savings facility.

The changes made by SB 1530 would increase the area of impact for groundwater savings facilities and could similarly increase the AOI for other storage facilities. Doing so could harm the aquifer by allowing more pumping to qualify as recovery of stored water within the AOI and thus escape the 4-foot decline limitations established in the Phoenix AMA Management Plan. Taken together, these changes may limit the ability of water providers to recover stored water and create a way for a newly Designated water providers to avoid reductions to its physically available groundwater.

*Latest Action – SB 1530 passed in the Senate (16-11-3) on March 4 and was transmitted to the House, where it was read on March 11-12 and assigned to NREW and Rules Committees, awaiting further action. The bill was placed on the NREW calendar for March 8 but was removed, likely to facilitate discussion of an amendment.*

### **SB 1611 physical availability exemption credit; groundwater (Shope)**

*Position – Oppose*

SB 1611 would establish a program to convert Irrigation Grandfathered Rights (IGRs) in the Phoenix, Pinal, and Tucson Active Management Areas (AMAs) into a physical availability exemption credit (PAEC) that could be used for Certificates and Designations of Assured Water Supply. Someone who obtains such a credit in the Phoenix or Tucson AMAs may choose to pump one of three pre-established annual volumes per irrigation acre which come with corresponding replenishment requirements:

- 2.0 AF per acre in which 67% of groundwater (1.33 AF per acre) must be replenished.
- 1.5 AF per acre in which 50% of groundwater (0.75 AF per acre) must be replenished; or
- 1.0 AF per acre in which 33% of the groundwater (0.33 AF per acre) must be replenished.

The remaining volume of groundwater would be considered consistent with the AMA's management goal. The Pinal AMA, the annual pumping volumes for a PAEC are smaller:

- 1.5 AF per acre in which 100% of groundwater must be replenished.
- 1.0 AF per acre in which 67% of groundwater (0.67 AF per acre) must be replenished; or
- 0.5 AF per acre in which 33% of groundwater (0.167 AF per acre) must be replenished.

A PAEC may be used for a Certificate or Designation if it meets all the following criteria:

- The groundwater will be used on retired irrigation acres or land within one mile of the retired acreage.
- The groundwater will be pumped from wells used to serve the IGR, wells within a mile of the wells used to serve the IGR, wells located on the retired acreage, or wells within one mile of the retired acreage.
- The applicant uses an Arizona Department of Water Resources-approved method of analysis to show that groundwater can be withdrawn to serve the proposed use for 100 years without causing the depth-to-static water level to drop below 1,000 feet below land surface for the Phoenix and Tucson AMAs and 1,100 feet below land surface for the Pinal AMA. In making this determination, ADWR will not consider other withdrawals of groundwater that exceed this depth-to-static water level over the 100-year period. Additionally, for pumping from wells that are within one mile of a well previously used to serve the IGR, the applicant may rely of ADWR's most recent AMA model run.

The resulting credit may be assigned to a municipal provider or subsequent owner of land associated with the relinquished IGR. Additionally, a credit will transfer to a Designated provider if it begins serving lands with a Certificate based on a credit.

Stakeholder discussions on this bill are ongoing and it is likely that several provisions will be amended. For example, the proponents need to clean up the ambiguous "must be replenished" language to focus on replenishment by the Central Arizona Groundwater Replenishment District. Additionally, there seems to be agreement that the land associated with the IGR must be irrigated for three of the past five years before the IGR can be relinquished to create a PAEC. However, there are still several concerning aspects of this bill, namely its potential to enable a significant volume of permanent groundwater pumping without requiring a provider to become

designated under the Alternative Pathway to Designation. Additional guardrails are needed to ensure it does not undermine the water security of AMWUA's members.

*Latest Action – SB 1611 passed the Senate Natural Resources Committee (4-3-1) on February 18 and was later approved by the Senate Rules Committee on February 24. The bill was placed on the consent calendar and received approval from both caucuses. It awaits further Senate action.*

### **SCR 1008 municipalities; counties; vote; fee increases (Petersen)**

*Position – Oppose*

S.C.R. 1008 is similar to S.B. 1013 in that it would require a two-thirds vote by a city, town, or county to approve any increase in assessments, taxes, or fees. The key difference is that S.C.R. 1008 is a legislative referendum. If approved by both legislative chambers, it would be placed on the ballot for the 2026 general election. If passed by voters, the measure would restrict local governments from adjusting taxes and fees without broad council or board approval.

The latest action on S.C.R. 1008 occurred on February 5th, when it passed out of the Senate Government Committee on a 4-3 vote. The committee also adopted a technical amendment to correct a spelling error.

*Latest Action – SCR 1008 passed the Senate (17-12-1) on February 20 after a technical amendment in the Government Committee to correct a spelling error. It was transmitted to the House on the same day, where it was assigned to Ways and Means and Rules. It had its second reading on March 13 and awaits committee action.*

## OTHER BILLS THAT THE AMWUA BOARD HAS TAKEN POSITIONS ON

### House Bills

#### **HB 2056 geoengineering; prohibition (Fink)**

*Position – Oppose*

HB 2056 would prohibit someone from engaging in geoengineering, which includes weather modification and cloud seeding. As part of that prohibition, this bill would repeal part of the statutes for the Arizona Department of Water Resources (ADWR) that allows it to regulate and license those who conduct weather control, cloud seeding, or other activities intended to artificially produce rainfall. HB 2056 requires the Arizona Department of Environmental Quality (ADEQ) Director to investigate credible reports of geoengineering within two hours of receipt. The ADEQ Director must also investigate reports of “excessive electromagnetic radiation or fields caused by human activity in any part of the spectrum.” Anyone found guilty of violating this prohibition would be guilty of class 4 felony and liable for a civil penalty of at least \$500,000 per violation with each day of geoengineering constituting a separate violation.

Cloud seeding has not been done in Arizona, but SRP is currently researching the feasibility of cloud seeding in the White Mountains in eastern Arizona. Cloud seeding may produce some increase in precipitation or snowpack, though the amount produced varies with each project. One dilemma in the drought-plagued southwest is that seeding only works when there are seed-able storms. It nonetheless may be premature to remove this technology from being used in Arizona.

*Latest action – Passed House Regulatory Oversight Committee amended on a 3-2 vote. It awaits action in the NREW and RULES committees; no further progress yet.*

#### **HB 2088 subsequent AMA; director; removal (Griffin)**

*Position – Oppose*

HB 2088 introduces a mechanism for periodic review of subsequent AMAs (Active Management Areas) by the ADWR Director. If areas within an AMA no longer meet statutory criteria, the AMA designation can be repealed following a public hearing process. Currently, once an AMA is designated, it cannot be rescinded.

A subsequent active management area (AMA) may be designated by the Arizona Department of Water Resources (ADWR) Director if any one of the following statutory criteria are satisfied:

1. Active management practices are needed to preserve existing groundwater supplies for future needs.
2. Land subsidence or fissuring is endangering property or potential groundwater storage capacity; or
3. Use of groundwater is resulting in actual or threatened water quality degradation.



Under current law, once a subsequent AMA is designated, it cannot be rescinded. ADWR Director Tom Buschatzke designated the Willcox AMA on December 19, 2024, and the process is underway to potentially declare a subsequent AMA in the Gila Bend Groundwater Basin.

In addition to technical concerns, all subsequent AMAs are in rural areas that primarily rely on groundwater. It is difficult to envision a scenario in which aquifer levels in part of an AMA stabilize enough that the AMA is no longer necessary.

We opposed HB 2061 ([subsequent active management area; removal](#)) last session out of concern that it would attempt to repeal the Douglas AMA. Our concern for that AMA and the newly created Willcox AMA remain. An AMA provides more stability by monitoring and managing groundwater pumping than the status quo.

*Latest action – HB 2088 passed the House (32-26-2) and was transmitted to the Senate. It had its first and second readings in the Senate on February 24 and 25, respectively, and awaits action in the Natural Resource and Rules committees.*

### **[HB 2089](#) subsequent AMA; voters; removal (Griffin)**

*Position – Oppose*

As noted under HB 2088 (subsequent AMA; director; removal), a subsequent active management area (AMA) may be designated by the Director of the Arizona Department of Water Resources (ADWR) if at least one of three statutory criteria are satisfied or by vote of local residents through a statutorily prescribed process. Once established, there is no way to revoke a subsequent AMA.

HB 2089 would establish a process in which local residents could circulate a petition to revoke a subsequent AMA 10 years after it was designated. If at least 10% of residents sign this petition within the prescribed time frame, the applicable county board of supervisors will forward it to the ADWR Director. If the ADWR Director determines that the conditions for declaring a subsequent AMA still exist, the election to revoke the AMA is cancelled. However, if the ADWR Director determines that an AMA is no longer necessary or declines to file an order, an election will be held on whether to remove the AMA. (The ADWR Director's order is an appealable agency action. Depending on the outcome, the ADWR Director may need to file a new determination that could lead to the election being held or cancelled.)

All subsequent AMAs are in rural areas that are primarily reliant on groundwater. It is therefore difficult to imagine any plausible scenario in which aquifer levels would stabilize enough in the long-term that the AMA would no longer be necessary. Additionally, allowing the election to proceed if the ADWR Director declines to file an order on whether the AMA is necessary seems problematic. Given what would be at stake for a community's future when groundwater is the only reliable water supply, affirmative evidence that an AMA is no longer necessary should be required for an election to proceed.

*Latest action – HB 2089 passed the House (32-27-1) and was transmitted to the Senate. It had its first and second readings in the Senate on February 24 and 25, respectively, and awaits action in the Natural Resource and Rules committees following its second reading on February 26.*

### **HB 2090 acting in concert; evidence; exceptions (Griffin)**

*Position – Support*

Acting in concert to illegally subdivide lands refers to the efforts of different parties to take turns acquiring and then dividing tracts of land among each other until the resulting lots have the same form and appearance as subdivided lands. This effort is seen as contributing to preventing “wildcat” subdivisions and steers clear of many requirements that apply to subdivided lands, including demonstrating a 100-year water supply in an active management area.

HB 2090 would clarify that it is unlawful to act in concert by dividing a parcel into six or more lots within a ten-year time period. It would declare that familial relationships, well sharing agreements, and road maintenance agreements are on their own insufficient grounds for showing acting in concert. For counties outside of Maricopa and Pima, using the same contractor, architect, engineer, home inspector, landscape architect, or surveyor would in and of itself similarly be insufficient grounds for acting in concert.

Representative Griffin introduced a similar bill last session ([HB 2006 – real estate; acting in concert](#)), which passed through the House but was ultimately held on the Senate floor. AMWUA took a neutral position on this bill because while it attempted to address concerns raised by the Governor’s Water Policy Council, the language was inconsistent with the council’s recommendation.

By providing more clarity on what constitutes acting in concert to illegally subdivide land, HB 2090 could make it easier for county attorneys or the State Real Estate Commissioner to take action against “wildcat” subdivisions. However, more information is needed on whether the carve-outs to acting in concert make it difficult to prosecute this offense.

*Latest action – HB 2090 passed the House (36-23-1) and the Senate RAGE Committee (4-3) on March 5. It advanced through Rules on March 17 and awaits full Senate consideration.*

### **HB 2093 subdivided lands; violations; civil penalties (Griffin)**

*Position – Support*

Under current law, those who illegally subdivide lots may be assessed a civil fine of now more than \$2,000 per infraction. However, an infraction that involves more than one lot in a subdivision is considered a single infraction. HB 2093 would amend statute so that the civil fine would apply per lot where a violation occurs.

This change is consistent with a recommendation from the Governor’s Water Policy Council to combat illegally subdividing. Rep. Griffin introduced a similar bill last year (HB 2007 – subdivided lands; civil penalties) that passed the House but never received a floor vote in the Senate. AMWUA supported this bill last session. In AMAs, illegally subdividing lands undermines the Assured Water Supply Program and with it, the Groundwater Management Act. Supporting this bill is warranted.

*Latest action – HB 2093 passed the House (53-0-7) and was transmitted to the Senate. It had its first and second readings in the Senate on February 25<sup>th</sup> and 26<sup>t</sup>, respectively, and is awaiting action in the Senate GOV and RULES committees.*

### **HB 2103 appropriation; Colorado River Compact; defense (Griffin)**

*Position – Support*

HB 2103 appropriates \$1 million from the state General Fund to the Arizona Department of Water Resources to defend, protect, and enforce Arizona’s allocation of Colorado River water under the Colorado River Compact.

*Latest action – HB 2103 passed the House on February 13, with a 53-0 vote after a failed floor amendment. It was transmitted to the Senate, receiving its first read on February 25 and a second on February 26. The bill is now awaiting committee action in Natural Resource, Appropriations, and Rules.*

### **HB 2162 reporting; groundwater pumping; measuring (Crews)**

*Position – Support*

There are different requirements for metering and annual reporting pumping from wells in Arizona based on the well’s pumping capacity, location, and use. For example, “exempt wells” which have a pumping capacity of less than 35 gallons per minute are not required to use a water measuring device. By contrast, most nonexempt wells in active management areas (AMAs), irrigation non-expansion areas (INAs), and wells in four groundwater basins and sub-basins that are used to transport groundwater to initial AMAs must have a measuring device and any pumping annually reported. However, there are certain exemptions for AMAs and INAs that apply to nonexempt wells that withdraw 10 or fewer AF annually or that serve 10 or fewer irrigation acres.

HB 2162 would generally require metering and annually reporting for all nonexempt wells in Arizona. However, those using a nonexempt well outside of an AMA or INA to pump 10 or fewer AF annually for a non-irrigation use would be exempt from this requirement. These users would have to annually report an estimate of annual pumping to ADWR. Similarly, those who withdraw groundwater from a nonexempt well outside of an AMA or INA to irrigate lands would be exempt from metering if the groundwater was used to irrigate 10 or fewer acres that are not part of an integrated farming operation. This exemption for smaller farming operations would also apply to annual reporting requirements.

Similar versions of this bill have been introduced in previous sessions (HB 2399 – report; groundwater pumping; measuring [2024], HB 2266 – reporting; groundwater pumping; measuring [2023], HB 2467 – reporting; groundwater pumping; measuring [2022], SB 1022 – groundwater pumping; measuring; reporting [2022]). None of have ever received a committee hearing.

*Latest action – HB 2162 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

### **HB 2203 historical water use; subsequent AMA (Griffin)**

*Position – Oppose*

Under current law, the five years preceding the designation of an active management area (AMA) dictate which lands may continue to be irrigated. For example, if land was irrigated any time within the five years preceding the initiation of a process to designate a subsequent AMA, it may continue to be irrigated once the AMA was established. A similar five-year historical period applies when determining the service area of an irrigation district within an AMA and how much groundwater may be pumped from Type 1 and Type 2 non-irrigation grandfathered rights.

HB 2203 would lengthen this historical period from five to ten years, which would have the effect of increasing the amount of land that may be legally irrigated in a subsequent AMA as well as the volume of groundwater that may be pumped from Type 1 and Type 2 non-irrigation grandfathered rights. Taken together, these changes would increase the amount of pumping that could occur in a subsequent AMA and undermine efforts to reduce aquifer depletion. These changes would apply retroactively from August 29, 2022, which would make it apply to the Douglas AMA and Willcox AMA, as well as any subsequent AMA that is designated moving forward.

There is one technical change that may need to be remedied. By redefining the service area of an irrigation district that delivered groundwater when an AMA was designated to include any lands that were irrigated at any time in the preceding ten (instead of five) years, HB 2203 would enable the expansion of some irrigation districts' service areas in initial AMAs. In all likelihood, this expansion could not lead to a corresponding increase in irrigated acreage because the other changes HB 2203 makes only apply to subsequent AMAs. However, this discrepancy may need to be addressed.

*Latest action – HB 2203 passed the House (32-27-1) and was transmitted to the Senate. It had its first and second readings in the Senate on February 25 and 26, respectively, passed the Natural Resources Committee (5-2-1) and Rules committees. Placed on the Consent Calendar on March 18, it awaits final Senate action.*

### **HB 2248 well drilling application; location; GPS (Mathis)**

*Position – Support*

To drill a well or deepen an existing well, someone must file a notice of intention to drill with the Arizona Department of Water Resources (ADWR). This notice requires certain information about the well, including a legal description of its location on a tract of land. However, legal descriptions are imprecise measurements of location. HB 2248 would additionally require GPS coordinates for the well's location on any notice of intention to drill. Having this location data would enhance the accuracy of ADWR's datasets and, in turn, lead to better information that can inform policy.

*Latest action – HB 2248 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

### **HB 2253 water efficient plumbing fixtures (Mathis)**

*Position – Support*

Starting in 2027, HB 2253 would prohibit someone from distributing, selling, importing, or installing plumbing fixtures in new residential construction or replacing fixtures in existing residential construction that either are not WaterSense-labeled, meet or exceed criteria established by the WaterSense Program, or do not have criteria established by the WaterSense Program. A similar prohibition would apply to evaporative cooling systems and decorative fountains that lack a water recycling or reuse system. ADWR would be allowed to waive this requirement for historic fixtures as determined by rule.

Some water providers have varying levels of requirements to use WaterSense-labeled fixtures for new developments. Although the requirements of HB 2253 may not result in considerable water savings, it would help facilitate a culture of water conservation.

*Latest action – HB 2253 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

### **HB 2273 lottery; on-farm irrigation efficiency fund (Dunn)**

*Position – Support*

HB 2273 would annually deposit \$50 million from the State Lottery Fund into the fund that supports the On-Farm Irrigation Efficiency Program in FYs 2026 and 2027. This deposit would occur prior to depositing any remaining monies into the state General Fund. The On-Farm Irrigation Efficiency Program is administered by the University of Arizona Cooperative Extension and provides grants to farmers to install irrigation systems that improve water efficiency by at least 20%. Grants may receive up to \$1,500 per acre for a maximum reimbursement of \$1 million per individual. Grantees must provide information on their crop and water usage to the cooperative extension.

*Latest action – HB 2273 passed out of the House Natural Resources, Energy & Water Committee on February 11 but never received a hearing before the House Appropriations Committee.*

**HB 2276 legislative ratification; rulemaking; regulatory costs (Gress)**

*Position – Oppose*

HB 2276 would require any proposed rule that is “estimated to increase regulatory costs” in Arizona by more than \$100,000 within five years to be submitted to the Office of Economic Opportunity (OEO) for review. Any proposed rule that the OEO confirms will cost the state more than \$500,000 within five years may not become effective until the Legislature enacts legislation ratifying the proposed rule. After confirming the cost, the OEO would submit the proposed rule to the Administrative Rules Oversight Committee, and the Committee would submit the rule to the Legislature “as soon as practicable”. An agency is prohibited from submitting a finalized rule until the Legislature ratifies the rule, and the agency must terminate the proposed rule if the Legislature fails to ratify it within the same legislative session that it was submitted to the Committee. Additionally, any person regulated by an agency proposing a rule and any State Legislator may submit a rule to the OEO for review.

HB 1153 is similar to [SB 1153 \(regulatory costs; rulemaking; legislative ratification\)](#) from last year’s session, which was vetoed, and [SCR 1012 \(rulemaking; legislative ratification; regulatory costs\)](#), which was voted down as Proposition 315.

HB 2276 is concerning because of the wide-ranging negative impacts it could have on the ability of ADWR, ADEQ, and every other state agency to fulfill their public service missions. It may also violate the separation of powers by overreaching legislative authority into executive branch functions. Oversight of agency rulemaking should be handled through public stakeholder processes, and not through the political machinations of the legislature.

*Latest Action – HB 2276 had its first and second readings in the House on January 21 and 22, respectively. It awaits action on two committees.*

**HB 2317 residential building materials; requirements; prohibition (Gillette)**

*Position – Oppose*

HB 2317 prohibit a municipality from directly or indirectly prohibiting the use of building materials used in construction or modification of a residential building if that material is approved by the municipality’s building code. A municipality would also be prohibited from applying similar restrictions on materials used in construction or modification of prefabricated buildings.

Municipalities use building regulations and plumbing codes to improve water efficiency in residences by requiring certain water efficient appliances and fixtures. For example, some cities and towns require appliances with third-party water efficiency certifications such as EPA WaterSense. Similarly, cities and towns may incorporate green building and graywater

regulations into their municipal codes to encourage more efficient water reuse. These regulations may not be part of a national model code but are nonetheless important for reducing water use and stretching every drop of water further here in Arizona. This bill is concerning because it could make it harder for cities and towns to require necessary water conservation measures that help ensure water security for all of us.

*Latest Action – HB 2317 failed on a 1-6 vote in the House Government Committee. No further action has been taken.*

### **HB 2319 private property; design; regulations; prohibition (Gillette)**

*Position – Oppose*

HB 2319 would prohibit a municipality from adopting or enforcing any regulation, standard, stipulation or other requirement on an individually owned single-family lot that limits the use of a building material or product unless doing so would violate an applicable building code. This prohibition could have implications for municipalities that require WaterSense certified products. However, HB 2319 similarly limits a municipality from preventing the installation or use of water conservation products or materials.

*Latest Action – HB 2319 was held in the House Government Committee.*

### **HB 2412 augmentation; Phoenix; Pinal; Tucson; AMA (Kolodin)**

*Position – Oppose*

HB 2412 would allow Long-Term Water Augmentation Fund monies to be used to create new sources of water within Arizona or purchase new water created in Arizona. However, fund monies cannot be used to purchase existing water or rights to existing water unless the purchase is related to creating a “new water source” or rights to “new water” created in Arizona. Fund monies could also be used to acquire or construct facilities to convey or deliver newly created water within Arizona. Finally, HB 2412 would require 75% of fund monies to be used for water supply development projects that benefit end users in the Phoenix, Pinal, and Tucson active management areas (AMAs).

HB 2412 never defines “new water” or “new sources of water” that are created in Arizona and how those differ from “existing water”, which is similarly undefined. Since HB 2412 prohibits fund monies from being used to “purchase existing water or rights to existing water from an in-state user unless the purchase is related to the creation of a new source of water,” it can be plausibly argued that water resulting from advanced water purification or raising Bartlett Dam would not qualify as “new water”. Additionally, the provision limiting the use of fund monies to end users in the Phoenix, Pinal, and Tucson AMAs is problematic because the projects supported by this fund could benefit other users.

*Latest action – HB 2412 was introduced and read in the House but awaits action on two committees.*

### **HB 2413 effluent; proportional share; recharge; compensation (Kolodin)**

*Position – Oppose*

HB 2413 would require a municipal provider that has an exclusive water area and that owns or operates a wastewater system that produces effluent to compensate customers for a proportional share of the effluent that the provider does not recharge into the active management area (AMA) aquifer. The bill would also declare that effluent not recharged into the AMA is an eligible customer's property. Additionally, HB 2413 prescribes a process by which each municipal provider would determine how much to compensate its customers for any wastewater they provide. Finally, HB 2413 authorizes the Arizona Department of Water Resources to enforce its provisions.

HB 2413 attempts to override *APS vs. Long* (1989), which established that effluent is the property right of the entity that produced it. In doing so, it could facilitate a taking and lead to Gift Clause violations. Were HB 2413 implemented, it would undo the long-term planning and economic development efforts that many municipal providers have undertaken. Treated effluent has any number of valuable applications beyond recharge into the aquifer, such as watering turf areas in public spaces or as an input for industrial processes. Moreover, HB 2413 never addresses what happens to effluent once a municipal provider recharges it into the aquifer. For example, could a provider store effluent underground to earn a long-term storage credit and then recover that effluent at a later date? Ultimately, this bill will harm the ability of municipal providers to utilize this important water resource as they determine is best for their residents.

*Latest action – HB 2413 was discussed but held at the February 14 House Natural Resources, Energy & Water Committee meeting.*

### **HB 2414 remedial groundwater incentives; PFAS (Kolodin)**

*Position – Oppose*

HB 2414 is similar to HB 2186 (remedial groundwater incentive; brackish groundwater) from last session. Under current law, there is an exemption that allows four municipal water providers (including Goodyear and Scottsdale) to pump up to a total of 65,000 acre-feet annually of remediated groundwater without it counting against their groundwater allowance and physical availability. These four providers were specified because they were the only ones who had utilized a previous statute regarding remediated water. They have never reached this annual threshold. In fact, at most these four providers pump close to half that volume of water. This exemption is slated to expire in 2050. However, HB 2413 would make this exemption permanent and would allow any water provider to apply for this exemption. Moreover, groundwater with PFAS that exceeds the maximum contaminant level would qualify for this exemption. Taken together, this bill would allow a dramatic expansion of pumping in any active management areas (AMA), which would be problematic for aquifer levels. The use of this remediated groundwater could be considered consistent with an AMA's management goal and could be used towards a Certificate or Designation of Assured Water Supply if the applicant meets metering and notice requirements.



Although PFAS contamination is a point of concern for municipal water providers, incentivizing its treatment by exempting its use from requirements of the Assured Water Supply Program is problematic. Aquifers in the Phoenix and Pinal AMAs will already be under considerable stress with anticipated cuts to the CAP M&I pools and enabling up to 65,000 AF/year of unreplenished pumping will only worsen aquifer health.

*Latest action – HB 2414 was discussed but held at the February 14 House Natural Resources, Energy and Water Committee meeting.*

### **HB 2476 appropriation; water conservation grant fund (Stahl Hamilton)**

*Position – Support*

HB 2476 would appropriate \$100 million from the state General Fund to the Water Conservation Grant Fund in FY 2026. The Water Conservation Grant Fund received a \$200 million appropriation in American Rescue Plan Act (ARPA) monies and an additional \$14 million allocation of ARPA monies at the end of this calendar. The Water Conservation Grant Fund lacks a dedicated revenue source, and the infusion of state General Fund dollars could be helpful in meeting Arizona’s conservation needs. Unlike ARPA monies, state General Fund dollars would come with less burdensome reporting requirements.

*Latest action – HB 2476 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

### **HB 2477 state lands; leases; groundwater use (Stahl Hamilton)**

*Position – Support*

HB 2477 is a repeat of bills offered last legislative session (HB 2358 and SB 1106 – state lands; leases; groundwater use). It would require ADWR to establish rules to govern an annual groundwater withdrawal fee that it will levy upon each lessee of state trust land for agricultural purposes that is located outside of an active management area (AMA) or irrigation non-expansion area (INA). These lessees would be required to submit a report to ADWR each year that details the locations of any wells, the amount of groundwater withdrawn from these wells, and why the groundwater was used.

HB 2477 would disincentivize agricultural groundwater use on state trust lands outside of AMAs and INAs, including Butler Valley, which is one of three western Arizona groundwater basins from which groundwater may be withdrawn and transported to AMAs. It would also bring additional revenue to ADWR.

*Latest action – HB 2477 had its first and second readings in the House on Jan. 27-28 and awaits action in the NREW and Rules Committees.*

**HB 2481 adequate water supply; statewide requirements (Stahl Hamilton)**

*Position – Support*

HB 2481 is a repeat of HB 2359 (adequate water supply; statewide requirements) from last session. It would require a city, town, or county to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may be platted. This bill would also require the Department of Real Estate to ensure that a subdivision has an adequate water supply or will be served by a provider with an adequate water supply before it may issue a public report and allow sale or lease of the land. This bill would also repeal provisions that allow capital investment and infrastructure assurances that would allow development to continue despite no adequate water supply existing.

Currently, most areas outside of active management areas (AMAs) do not require an adequate water supply before development can occur. Developers may apply for determination of adequate water supply with ADWR, but it is not required. Some areas (e.g. Yuma County, Town of Clarkdale) do require an adequate water supply before development, despite not being located in an AMA. This bill would place that “mandatory adequacy” requirement on all areas of the state outside of AMAs and is therefore a big step forward in ensuring that we have water first, and then development.

*Latest action – HB 2481 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2485 land division; application; attestation (Mathis)**

*Position – Support*

HB 2485 would require the applicant for a building permit for a residential single-family home in an unincorporated area to identify ownership interests in the property. A permit applicant for a home within a subdivision must provide a public report if they own six or more properties within the parent parcel or intend to create a subdivision. An applicant would be exempt from this requirement under certain circumstances. Additionally, HB 2485 would require a land division applicant to disclose any ownership interests in the property and sign an attestation statement on illegally subdividing lands.

*Latest action – HB 2485 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2550 department of water resources; review (Diaz)**

*Position – Oppose*

HB 2550 would move up the termination date for the Arizona Department of Water Resources (ADWR) to July 1, 2026.

*Latest action – HB 2550 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2571 stormwater infrastructure; groundwater recharge; credit (Griffin)**

*Position – Oppose*

HB 2571 is similar to [HB 2020 \(long-term storage; stormwater; rainwater; rules\)](#) from last legislative session. That bill would have allowed someone to earn long-term storage credits by building infrastructure—including roadways and sidewalks—that lead to increased groundwater recharge in an active management area (AMA). We were concerned about the numerous implementation issues this bill would raise, ranging from which party would get credit for recharging stormwater to the methods used to calculate recharge to the water quality concerns this bill would raise. It was ultimately vetoed last year.

HB 2571 would allow someone that develops infrastructure, including sidewalks and roads, to be deemed as increasing groundwater recharge in an AMA, would then be able to earn and hold “physical availability credits” that cannot exceed the increased recharge or projected increased recharge over a 100-year period. These credits could be used to meet the physical availability requirements for an Assured Water Supply determination. ADWR would be required to adopt rules by 2026 to implement the requirements of this bill. Crucially, any person applying for these credits would be exempt from the requirements for water storage facilities.

According to the supporters of this bill, it is intended to allow stormwater to be recharged to benefit base flows in the Upper Verde River and reduce groundwater overdraft in the Prescott AMA. Though laudable, many provisions of this bill would need to be amended to better reflect those purposes. These changes could include limiting the bill’s applicability to the Prescott AMA and declaring any stormwater stored underground as non-recoverable.

*Latest action – HB 2571 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2638 on-farm efficiency program; continuation (Griffin)**

*Position – Support*

The On-Farm Efficiency Program provides grants to farmers who install water efficient irrigation systems. The program is scheduled to sunset on December 31, 2026. HB 2638 would push its sunset date back to December 31, 2029.

*Latest action – HB 2638 passed out of the House of Representatives with a 58-0-2-0 vote on February 20 and advanced through the Senate Natural Resources (8-0) and Rules Committees. It was placed on the Consent Calendar and awaits final Senate action.*

**HB 2692 – appropriation; department of water resources (Diaz)**

*Position – Oppose*

HB 2692 would appropriate about \$13.3 million from the state General Fund to the Arizona Department of Water Resources (ADWR) in FY 2026. This appropriation is effectively a budget cut because represents approximately 45% of the funding that ADWR typically receives. HB 2692 additionally contains legislative findings that criticize ADWR for the release of the Phoenix AMA groundwater model and taking part in “overt political activities” that include designating subsequent active management areas (AMAs), administering the Governor’s Water Policy Council, the Alternative Pathway to Designation rulemaking, and potential ag-to-urban rulemaking. Threatening ADWR’s budget undermines Arizona’s position in Colorado River discussions and jeopardizes its ability to perform tasks that are directly relevant to AMWUA members, including the processing of Designation of Assured Water Supply applications, recovery well permits, and recharge permits.

*Latest action – HB 2692 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2697 water; residential lease communities (Bliss)**

*Position - Support*

HB 2697 would prohibit cities, towns, and counties in initial active management areas (AMAs) from approving a building permit for dwelling units in a “residential lease community” unless the units have a Certificate of Assured Water Supply (Certificate) or service from a water provider with a Designation of Assured Water Supply. They would also need to pay all applicable fees to the Central Arizona Groundwater Replenishment District. As defined under the bill, a residential lease community would include six or more detached residential dwelling units with one or more lots, parcels, or fractional interests that are offered for lease. This definition essentially captures build-to-rent developments. The bill’s requirements would not apply to existing or planned residential lease communities have received zoning entitlements by September 30, 2025.

HB 2697 is consistent with the recommendations of the Governor’s Water Policy Council and would help ensure that build-to-rent properties could not proliferate outside of a Designated provider’s service unless they had a Certificate.

*Latest action – HB 2697 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

**HB 2574 small land subdivisions, requirements (Griffin)**

*Position – Oppose*

HB 2574 allows county boards of supervisors to adopt ordinances permitting the creation of "small land subdivisions," which divide land into six to ten lots, each at least two acres, without

requiring an Assured or Adequate Water Supply determination. Instead, applicants must file a small land subdivision public report with the county to ensure access to each lot. The Arizona Department of Real Estate would then issue a report allowing the sale or lease of the lots. This report must include a land survey, a road maintenance agreement, and information on water access and utility availability.

The bill was amended to clarify that while these subdivisions are exempt from Assured or Adequate Water Supply requirements, they must still report water access and infrastructure details. However, by creating a new method to divide land without verifying a secure water supply, HB 2574 weakens protections for future homeowners and raises concerns about long-term water security.

*The latest action on HB 2574 occurred on January 27th, when the bill was amended and passed out of the House Natural Resources, Energy & Water Committee on a 5-4 vote.*

### **HB 2632 regulatory costs; rulemaking; legislative ratification (Kolodin)**

*Recommended Position – Oppose*

HB 2632 would require legislative approval for any proposed state agency rulemaking that increases total regulatory costs in Arizona by more than \$500,000 over five years. Emergency rulemaking would be exempt from this requirement. Additionally, HB 2632 would empower the Legislature to eliminate an agency rule that costs taxpayers more than \$1 million per year. In addition to raising separation of powers concerns, HB 2632 could make it difficult for the Arizona Department of Water Resources or Arizona Department of Environmental Quality to adopt rules that may be necessary for our water utilities to operate. HB 2632 could also allow the Legislature to repeal any or all the current Assured Water Supply Rules, which would undermine the water security our members have worked to achieve.

*Latest action – HB 2632 passed the House (32-26-2) and was transmitted to the Senate for further consideration.*

### **HB 2691 groundwater replenishment districts; annual dues (Griffin)**

*Position – Support*

HB 2691 would make changes to the calculation of annual membership dues that members must pay to the Central Arizona Groundwater Replenishment District (CAGR). As part of preparing the 2025 Plan of Operation, CAGR staff had identified inequities in the current AMD calculation that would lead to considerable inequities between Member Service Areas and Member Lands and among Member Lands in different active management areas (AMAs). These inequities arose because the annual membership dues calculation for Member Lands is based on the replenishment projections in the Plan of Operation, which is slated to decrease in the 2025. To remedy this issue, CAGR has proposed revising the calculation so that it will be based on the projected groundwater use per lot of Member Land parcels. The ultimate effect of this

change is that it will stabilize the annual membership dues and avoid any instances of rate shock, while still ensuring the CAGR collects the same amount necessary to operate.

*Latest action – HB 2691 passed the House with a 50-6 vote on March 10 after being amended in committee. The bill was transmitted to the Senate, where it received its first reading on March 17 and was assigned to the Natural Resources (NR) and Rules Committees. It is currently awaiting further committee action.*

### **HB 2729 online exchange; groundwater sales (Kolodin)**

*Position – Oppose*

This bill is a duplicate of last session’s HB 2150 (groundwater sales; online exchange) and SB 1243 (groundwater sales; online exchange). It would establish an online marketplace for buying, selling, and leasing groundwater rights within Arizona’s Phoenix, Tucson, and Pinal Active Management Areas (AMAs). The bill permits individuals with grandfathered groundwater rights to transfer these rights through a platform, with ADWR responsible for hosting the exchange and tracking transactions. Notably, water traded could be used for a Certificate of Assured Water Supply, because groundwater traded would be exempt from replenishment requirements and traditional AMA groundwater use limitations.

While the bill aims to create flexibility in groundwater management, it poses significant risks to designated providers. The exemption from replenishment requirements undermines AMA goals for groundwater sustainability, potentially leading to increased groundwater depletion. Additionally, the bill reduces municipal control over groundwater resources, complicating long-term water planning and potentially increasing costs for cities needing to secure alternative supplies. The marketplace could also create equity concerns, favoring entities with existing groundwater rights while disadvantaging others.

*Latest action – HB 2729 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.*

### **HCR 2016 reinstatement; WIFA monies (Griffin)**

*Position – Support*

HCR 2016 is a resolution that states Arizona is committed to investing in long-term solutions for water scarcity in urban and rural Arizona, the Water Infrastructure Finance Authority's mission is critical to Arizona's future, private-public partnerships will be needed for the infrastructure necessary to secure new water supplies, and that the Legislature will work to reinstate the full appropriation needed to secure new water supplies.

*Latest action – HCR 2016 passed the House (38-20-2) and was transmitted to the Senate. It advanced through the Senate Natural Resources (6-1), Appropriations (8-2), and Rules Committees. It was placed on the Consent Calendar and awaits final Senate action.*

**HCR 2039 assured water supply; legislative intent (Griffin)**

*Position – Oppose*

HCR 2039 expresses the Legislature’s disapproval of the Alternative Pathway to Designation rulemaking and Arizona Department of Water Resources’ denial of Certificate of Assured Water Supply applications based on projections of unmet demand in groundwater models.

*Latest Action – HCR 2039 passed the House (32-26) on February 26 and was transmitted to the Senate for further consideration. It was read on March 4, assigned to the Natural Resource and Rules Committee, and read again on March 5, awaiting committee action.*

**SB 1088 ADWR; hydrology reports (Hoffman)**

*Position – Oppose*

SB 1088 would require the Arizona Department of Water Resources and Governor to provide a copy of any report an active management area’s (AMAs) hydrologic conditions to members of the House and Senate Natural Resources Committee 30 days before the report is formally issued. In doing so, it would give lawmakers, and any party that happens to receive this report from a lawmaker, a sneak preview of any projections and findings from an AMA groundwater model.

SB 1088 is identical to [SB 1289 \(DWR; hydrology reports\)](#), which Governor Hobbs vetoed last session. AMWUA opposed SB 1289. No one was given a copy of the reports on the projections and findings of the Pinal AMA or Phoenix AMA groundwater model before those were publicly released. Establishing a special exemption in state law would set a poor precedent.

*Last Action – SB 1088 passed the Senate (17-12) on March 5 and was transmitted to the House. It was read on March 13 and assigned to the Government and Rules Committees. The bill had its second reading on March 17 and is awaiting further committee action.*

**SB 1260 (assured water supply; agricultural water (Dunn)**

*Position – Oppose*

Last session, Governor Hobbs signed into law SB 1081 (exemption area; assured water supply) ([Laws 2024, Chapter 226](#)), which allowed part of Buckeye’s service area that fell within the Buckeye Waterlogged Area (BWLA) to obtain a Designation of Assured Water Supply if certain criteria were met. Among those criteria were that the portion to be designated had to be entirely within the boundaries of the Buckeye Water Conservation and Drainage District and that Buckeye had to contract with the district for at least 100 years to receive water that the district’s landowners have the right to use on their lands.

SB 1260 would modify the criteria for this law by allowing part of Buckeye’s service area that is within the BWLA and located on lands served by an “agricultural water company” to be designated if it had contracted with that company for at least 100 years to receive water that

landowners have the right to use on lands served by this company. We have heard that this bill is intended for Arlington Canal Company. However, “agricultural water company” is not defined in the bill or anywhere else in statute, which opens the possibility for multiple entities to qualify. Moreover, this company is not a political subdivision, which raises questions about which lands it currently serves and will serve in the future. Finally, since the rights to the surface water in question have not been adjudicated, there are concerns that SB 1260 could complicate surface water claims from our members.

*Last Action – SB 1260 was on the agenda for the February 5<sup>th</sup> Senate Natural Resources Committee meeting but was held.*

**SB 1448 appropriation; on-farm irrigation efficiency fund (Dunn)**

*Position – Support*

SB 1448 would appropriate \$10 million from the state General Fund to the On-Farm Irrigation Efficiency Program. This appropriation would be exempt from lapsing. This program is administered by the University of Arizona Cooperative Extension and provides grants to farmers who install efficient drip irrigation systems to replace flood irrigation. It was appropriated \$30 million in 2022 and an additional \$15 million 2023 from the state General Fund.

*Latest Action – SB 1448 passed the Senate (26-1) on March 10 and was transmitted to the House. It was assigned to the Natural Resources, Appropriations, and Rules Committees, passing Natural Resources (8-1) on March 18. The bill awaits further action in Appropriations and Rules.*



## AMWUA BOARD OF DIRECTORS INFORMATION SUMMARY

March 27, 2025

### AMWUA Fiscal Year 2025 Quarterly Financial Statements – Second Quarter

#### Day-to-Day Operations

Maintain the daily operations of an effective organization and the services members rely on.

- AMWUA will continue to wisely manage its financial resources

*Strategic Plan: Facilitate our Strength in Numbers, Educate - Excel as an Expert and Resource*

#### SUMMARY

The AMWUA Statement of Revenues and Expenses – Cash Basis for the period July 1, 2024 through December 31, 2024 and the Balance Sheet dated December 31, 2024 are presented for your information.

AMWUA actual revenue – Cash Basis - at the end of the second quarter is \$21,098 over year-to-date budget. This increase is due to the collection of interest revenue.

AMWUA has incurred year-to-date actual expenses – Cash Basis - that are \$4,255 over the year-to-date budget. This variance is due to staffing changes creating a large underage that were offset in overages in accounting fees and temporary services, as well as overages in common area maintenance and water conservation expenses.

#### RECOMMENDATION

AMWUA staff recommends that the AMWUA Board of Directors accept the AMWUA quarterly financial statements for the second quarter as presented.

#### SUGGESTED MOTION

I move to accept the AMWUA quarterly financial statements for the second quarter as presented.

#### ATTACHMENTS

- *Attachment A:* Statement of Revenues and Expenses
- *Attachment B:* Balance Sheet

Substantially all required disclosures are omitted, and no assurance is provided on these financial statements.

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2024**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	<u>12/31/2024</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 231,563
Investments	1,576,124
Prepaid expenses and other assets	<u>20,313</u>
Total current assets	1,828,000
<b>OTHER ASSETS</b>	
Net OPEB asset	27,590
Capital assets, net	<u>926,578</u>
Total other assets	<u>954,168</u>
<b>TOTAL ASSETS</b>	<u>2,782,168</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB plan items	2,639
Pension plan items	<u>106,585</u>
Total deferred outflows of resources	<u>109,224</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 2,891,392</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 48,514
Compensated absences payable	73,731
Lease liability, current portion	<u>117,519</u>
Total current liabilities	<u>239,764</u>
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	807,454
Lease liability, noncurrent portion	<u>984,468</u>
Total noncurrent liabilities	<u>1,791,922</u>
<b>TOTAL LIABILITIES</b>	<u>2,031,686</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB plan items	12,146
Pension plan items	<u>101,582</u>
Total deferred inflows of resources	<u>113,728</u>
<b>TOTAL NET POSITION</b>	<u>745,978</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$ 2,891,392</u></u>

No assurance is provided on these financial statements and supplementary information. See selected information.

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION**  
 Supplementary Information  
 Statement of Revenues and Expenses - Cash Basis  
 (Actual to Budget Comparison)  
 For Period July 1, 2024 through December 31, 2024

	Year-To-Date Actual	Year-To-Date Budget	Over(Under) Year-To-Date Variance	Approved Annual Budget	Over(Under) Budget Variance
<b>Funding Sources</b>					
Assessment - Water	1,329,108	1,329,108	0	1,449,749	(120,641)
Assessment - Wastewater	251,720	251,720	0	251,721	(1)
Conservation	45,222	45,222	0	0	45,222
Water Loss Control Training Program Income	0	0	0	0	0
2022 Carryover Applied to Reduce Member Assessments	(20,537)	(20,537)	0	(22,000)	1,463
Interest Revenues	21,098	0	21,098	0	21,098
Other Revenues	0	0	0	0	0
<b>Net Revenues</b>	<b>1,626,610</b>	<b>1,605,513</b>	<b>21,098</b>	<b>1,679,470</b>	<b>(52,860)</b>
<b>Operating Expenses</b>					
Payroll (Salaries)	355,238	404,518	(49,280)	809,036	(453,798)
Deferred Compensation (ASRS Payments)	39,252	49,635	(10,383)	99,269	(60,017)
Payroll Processing, Taxes and Insurance	32,746	37,500	(4,754)	75,000	(42,254)
Medical, Disability and Life Insurance	36,720	51,500	(14,780)	103,000	(66,280)
Cell Phone Allowance	3,360	4,000	(640)	8,000	(4,640)
Temporary Services/Receptionist	30,103	0	30,103	0	30,103
Legal/Consulting Services (Ferris Contract)	35,000	30,000	5,000	60,000	(25,000)
Legislative Services (Aarons Company-Contract)	26,460	26,460	0	52,920	(26,460)
Audit - Water	3,750	3,750	0	12,200	(8,450)
Audit - Waste Water	3,750	3,750	0	25,800	(22,050)
Website Services	7,234	7,800	(566)	15,600	(8,366)
Communication Services (Kossan Contract)	0	0	0	0	0
Consultant-Finance/Accounting	46,336	26,250	20,086	52,500	(6,164)
Audio/Visual Development	0	0	0	0	0
IT Services	2,400	3,000	(600)	6,000	(3,600)
Office Space - Lease	99,730	103,000	(3,270)	206,000	(106,270)
Common Area Maintenance	13,675	2,000	11,675	4,000	9,675
Telephone	572	500	72	1,000	(428)
E-Mail/Webpage/Internet	2,850	3,000	(150)	6,000	(3,150)
Travel/Conferences	5,612	4,250	1,362	8,500	(2,888)
Mileage Reimbursement	349	500	(151)	1,000	(651)
Continuing Professional Ed	0	0	0	0	0
Staff Development	0	1,000	(1,000)	2,000	(2,000)
Copy Machine - Lease	1,517	2,500	(983)	5,000	(3,483)
Computer Hardware/Software	0	3,000	(3,000)	6,000	(6,000)
Office Supplies	3,094	2,000	1,094	4,000	(906)
Meetings	4,442	3,750	692	7,500	(3,058)
Outreach Efforts	250	4,250	(4,000)	8,500	(8,250)
Printing	0	500	(500)	1,000	(1,000)
Postage & Deliveries	305	400	(95)	800	(495)
Software Subscriptions	4,778	2,000	2,778	4,000	778
Dues & Memberships	1,162	1,500	(338)	3,000	(1,838)
Insurance	2,684	2,750	(66)	5,500	(2,816)
Equipment Maintenance	0	1,000	(1,000)	2,000	(2,000)
Water Loss Control Program	0	0	0	0	0
Water Conservation Conferences, Sponsorships and	51,892	53,173	(1,281)	106,345	(54,453)
Water Conservation - Printing	26,205	0	26,205	0	26,205
Water Conservation - Projects, Research & Efficiency	2,205	0	2,205	0	2,205
Bank Charges & Fees	69	250	(181)	500	(431)
<b>Total Operating Expenses</b>	<b>843,740</b>	<b>839,485</b>	<b>4,255</b>	<b>1,701,970</b>	<b>(858,230)</b>

**Reserve and Contingency Funds Summary:**

	Balance 1-Jul-24	Used	Additions	Balance 31-Dec-24
Contingency Fund Balance	\$600,000	-	-	\$600,000
Reserve Fund Balance	\$282,307	\$60,000	\$21,032	\$243,339 *
Office Lease Stabilization Fund	\$63,686	-	-	\$63,686
<b>Funds</b>	<b>\$945,993</b>	<b>\$0</b>	<b>\$21,032</b>	<b>\$907,025</b>

\*

Interest/Dividends earned on the LGIP Fund are additions to the Reserve Fund. Expenses are recorded as used when payments are made.

Warren Tenney  
 AMWUA Executive Director

Councilmember Kesha Hodge Washington, Phoenix  
 AMWUA Secretary-Treasurer

## **Arizona Municipal Water Users Association**

### **Selected Information – Substantially All Disclosures Required by Accounting Principles Generally Accepted in the United States of America are not Included For the Six Months Ended December 31, 2024**

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting principles generally accepted in the United States of America as applied to governmental units as set by the Governmental Accounting Standards Board (GASB) and the guidelines for presentation established by the AICPA.

#### **Historical**

- The financial statements omit the statement of revenues, expenses, and change in net position, the statement of cash flows, and substantially all the disclosures required by accounting principles generally accepted in the United States of America. A supplementary statement of revenues and expenses prepared using the cash basis of accounting has been provided for management purposes.
- The following items are adjusted only at fiscal year-end:
  - Accrued vacation and accrued payroll liabilities.
  - The net OPEB and net pension assets or liabilities, as applicable.
  - Deferred Inflows and Outflows of resources pertaining to the pension and OPEB.
- All membership commitments are recognized in the first quarter of the fiscal year, instead of being amortized ratably over the membership period.
- The components of net position have not been reported separately on these interim financial statements.

#### **Budgeted**

- The budgeted financial statements omit substantially all the disclosures required by accounting principles generally accepted in the United States of America.
- The budgeted financial statements omit substantially all of the significant accounting policies.

The effects of these departures have not been determined.

#### **Summary of Significant Assumptions**

The financial budget presents, to the best of management's knowledge and belief, the Association's expected results of operations for the budget periods. Accordingly, the budget reflects its judgment as of June 27, 2024, the date the budget was approved by the Board of Directors, of the expected conditions and course of action. The assumptions disclosed herein are those that management believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

#### **Budget Assumptions**

- Salaries and benefits are based upon anticipated staffing changes and payroll data.
- Additional pay increases have been built into the budget depending on the position and performance of employees within that position.
- Annual water assessments are allocated based upon MAG population estimates.
- Annual wastewater assessments are assessed based upon flow ownership in the 91st Avenue WWTP at 204.50 mgd.
- Office space expenses are based upon an approximate 4.2% increase as stated in the office lease agreement.

No assurance is provided on these financial statements and supplementary information.