



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

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

### **MEETING NOTICE AND AGENDA**

***January 22, 2026 – 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 from the December 11, 2025 Meeting
2. Next Meeting Date: February 26, 2026 @ 11:00 a.m.
3. Post-2026 Colorado River Operations
4. 2026 Legislative Session
5. Water Conservation Rebate Tax Parity

**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.

**BOARD OF DIRECTORS**

***MEETING MINUTES***

**December 11, 2025**

**HYBRID MEETING**

**BOARD MEMBERS PRESENT**

Mayor Scott Anderson, Gilbert, President

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

Councilmember Nikki Amberg, Tempe

Mayor Lisa Borowsky, Scottsdale

**BOARD MEMBERS NOT PRESENT**

Mayor Lisa Borowsky, Scottsdale

**AMWUA STAFF PRESENT**

Paul Bergelin, AMWUA

Tyenesha Fields, AMWUA

Rhett Larson, AMWUA

Aly Slobodzian, AMWUA

Warren Tenney, AMWUA

Sheri Trapp, AMWUA

**A. Call to Order**

Mayor Scott Anderson called the meeting to order at 11:04 a.m.

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

**1. Approval of the Minutes from the October 23, 2025, Meeting**

Upon a motion by Councilmember Laura Kaino, seconded by Councilwoman Kesha Hodge Washington, the AMWUA Board of Directors unanimously approved the October 23, 2025 meeting minutes.

**2. Next Meeting Date: Thursday, February 26, 2026 @ 11:00 a.m.**

**3. Post-2026 Colorado River Operation**

AMWUA's Executive Director Warren Tenney gave an update on the Colorado River, noting that while late autumn rains provided a modest precipitation in the Basin, overall hydrologic conditions across the system remain poor. He reported that total system storage has declined significantly compared to last year's. Tenney shared that AMWUA and the Southern Arizona Water Users Association recently briefed state legislators on the municipal perspective of the Colorado River situation, highlighting the lack of a Basin States Agreement, continued federal uncertainty, and the possibility of significant post-2026 reductions to Arizona's Colorado River supplies—at least a 20 percent cut to municipal and industrial users. Central Arizona water providers will be disproportionately impacted by Colorado River reductions, potentially questioning future water reliability. Mr. Tenney emphasized that long-term water security will require continued planning, investment in infrastructure, and development of new water supplies, even as communities face difficult public conversations around rising water costs.

Mayor Mark Freeman cautioned that the current uncertainty surrounding the Colorado River presents a red flag for entering into binding water portfolio agreements, noting that communities such as Mesa rely on intergovernmental agreements, including water received through tribal partnerships, which could also be impacted by future cuts. He emphasized that all communities should prepare for potential reductions across the board. In response, Mr. Tenney stated that, based on current information, Colorado and the other Upper Basin states are publicly presenting a unified position, though there are indications of differing viewpoints behind closed doors. He expressed hope that the Upper Basin states will recognize the systemwide impacts of post-2026 decisions and the importance of collaborating with the Lower Basin States, while acknowledging that political dynamics and growth pressures continue to complicate negotiations.

Councilmember Bart Turner stated his appreciation for the graphic materials distributed at the meeting regarding the economic impact of the Colorado River Basin, noting that it provided a clear perspective on the Basin that he had not previously seen. He highlighted that the data effectively illustrates how the Lower Basin accounts for approximately 75 percent of the Basin's economic activity, population, employment, and agricultural sales, while also generating substantial returns to the national economy relative to the amount of water used. Councilmember Turner commented that the information underscores the importance of thoughtful water allocation decisions, even for those who may support limited growth. The data offers a compelling framework for understanding how Colorado River water supports broader economic outcomes.

#### **4. 2026 Legislative Agenda**

Mr. Tenney provided a brief overview of the 2026 legislative outlook, noting that Colorado River issues and rural groundwater management are expected to be major topics. He emphasized that significant state budget constraints driven by federal tax conformity will shape the session and limit available funding. Mr. Tenney highlighted concerns with House Bill 2027, which would alter groundwater calculations in the 100-year Assured Water Supply Program and undermine existing designations. He also noted early discussions regarding a potential dedicated revenue source for long-term water supply development, as well as anticipated debates on data center tax credits and a possible ban on fluoride in drinking water.

AMWUA Government Relations Director Aly Slobodzian provided an overview of the 2026 legislative agenda, noting that nine water-related bills have already been introduced and that the agenda remains largely consistent with last year. Ms. Slobodzian emphasized that water security is foundational to Arizona's economy and highlighted the critical role municipal water providers play in managing risk while serving more than half of the state's population. Ms. Slobodzian stressed the importance of preserving local authority for cities to manage water resources and infrastructure, safeguarding Colorado River priorities, rights, and contracts, and protecting Arizona's 100-Year Assured Water Supply standard. Ms. Slobodzian noted AMWUA's support for legislation that invests in long-term water solutions, including infrastructure improvements, advanced water purification, water augmentation efforts, conservation initiatives, aquifer protection, and maintaining safe drinking water quality. Ms. Slobodzian concluded that the Management Board reviewed and recommended the legislative agenda for Board approval.

Mayor Scott Anderson commented on the direct connection between water security and economic development, noting that bond rating agencies are closely monitoring communities' ability to maintain a reliable 100-year water supply and that any failure to do so could negatively impact bond ratings and borrowing costs.

Mayor Mark Freeman asked whether outreach has been conducted with Representative Griffin regarding House Bill 2027, expressing concern that the bill targets municipal water providers and could undermine local water supply protections. Mr. Tenney responded that AMWUA continues to engage with Representative Griffin while focusing efforts on building broader legislative relationships, particularly among urban legislators, to protect municipal water interests. Barry Aarons added that he maintains a strong working relationship with Representative Griffin and emphasized that AMWUA's most effective strategy is leveraging relationships with local legislators to oppose problematic legislation when necessary.

Councilmember Bart Turner added that Representative Griffin represents the interests of her rural district and that while differences in perspective exist, maintaining a

constructive relationship is important; however, he stressed the need to prioritize outreach to urban legislators to reinforce the importance of water security to metropolitan constituents.

Ms. Slobodzian added that AMWUA's messaging emphasizes water security as a statewide issue rather than a local one, making it critical to protect water reliability for both urban and rural communities.

Upon a motion by Mayor Mark Freeman, seconded by Councilwoman Kesha Hodge Washington, the AMWUA Board of Directors unanimously approved the 2026 Legislative Agenda.

**5. AMWUA's Conservation Efforts**

The conservation presentation was postponed for a future Board meeting.

**6. AMWUA Fiscal Year 2026 Quarterly Financial Statements – First Quarter**

Mr. Tenney presented the first-quarter financial statements, noting that as of September 30 AMWUA's total expenses were \$367,444, approximately \$99,913 under budget, primarily due to staff vacancies and the timing of professional services and water conservation expenditures. The Management Board recommended acceptance of the financial statements as presented.

Upon a motion by Vice Mayor Nielson, seconded by Vice Mayor Crawford, the AMWUA Board of Directors approved the first quarter financial statements.

**7. Annual Financial Audit Report for Fiscal Year 2025**

Mr. Tenney reported that the FY 2025 financial audit, conducted by the independent firm Forvis Mazars, resulted in an unmodified opinion with no audit findings, indicating that AMWUA is in solid financial standing as of June 30, 2025. The Management Board recommended acceptance of the FY 2025 annual financial audit report.

Upon a motion by Councilmember Bart Turner, seconded by Councilwoman Kesha Hodge Washington, the AMWUA Board of Directors approved the FY 2025 financial audit report.

**8. AMWUA Board Officers for 2026**

Councilmember Bart Turner reported that the Nominating Committee, which consisted of himself, Councilmember Laura Kaino, and Councilmember Orlando, received three letters of interest, one for each Board officer positions. The Committee recommended that Mayor Scott Anderson continue serving as President, Mayor Mark Freeman

continue serving as Vice President, and Councilwoman Kesha Hodge Washington continue serving as Secretary/Treasurer for another term. All nominees are eligible and agreed to continue serving.

Upon a motion by Councilmember Bart Turner, seconded by Vice Mayor Jennifer Crawford, the AMWUA Board of Directors unanimously approved Mayor Scott Anderson as President, Mayor Mark Freeman as Vice President, and Councilwoman Kesha Hodge Washington as Secretary/Treasurer.

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

Mr. Tenney reported SRP's reservoir system is 57 percent full following November precipitation, compared to 72 percent at the same time last year.

He reported progress on the Ag-to-Urban program, which has moved from concept to implementation, with the first credits approved and enabling the development of 825 single-family homes in Buckeye through the retirement of 160 acres of agricultural land.

Mr. Tenney also noted the upcoming Colorado River Water Users Association conference includes an invitation-only urban roundtable convened by Reclamation to discuss municipal conservation efforts. Gilbert and Phoenix are participating on panels. Mr. Tenney expressed optimism that the discussions would elevate awareness of municipal conservation efforts and broader Colorado River challenges.

Additionally, Mr. Tenney shared positive feedback on AMWUA's media partnership with KTAR, noting regular Water Watch Wednesday segments, increased social media engagement, and recent articles focused on municipal water security and the Colorado River.

#### **D. Future Agenda Items**

No future agenda items were requested.

#### **E. Adjournment**

Mayor Scott Anderson adjourned the meeting at 12:00 pm.

## AMWUA BOARD OF DIRECTORS INFORMATION SUMMARY

January 22, 2026

### Post-2026 Colorado River Operations

#### ANNUAL PLAN REFERENCE

##### Colorado River Transition

Assist, monitor, and coordinate the impacts of reduced Colorado River water to ensure our members' interests are forefront.

*Strategic Plan: Facilitate our Strength in Numbers, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Prepare for Impacts of Drought & Shortage, Minimize Financial Impact*

#### SUMMARY

The seven Colorado River Basin States have been given until February 14, 2026 to reach an agreement for post-2026 operating guidelines by the federal government. However, there is no indication that consensus will be reached.

On January 9<sup>th</sup>, the U.S. Bureau of Reclamation issued the draft Environmental Impact Study (EIS), which identifies five alternatives that provide a range of scenarios and responses that Reclamation needs to analyze before determining the post-2026 operational guidelines. Reclamation indicated it is not designating a preferred alternative because they are still hoping that the seven Basin States can find agreement, which would then be the preferred alternative. The draft EIS also projects how the five alternatives would perform under Reclamation's projections for the river's hydrology over the next 20 years. Those projections indicate that more than a 1.5 million acre-feet shortage will be necessary to prevent Lake Mead or Lake Powell from reaching critical infrastructure levels.

The river's current hydrology is bleak with this year's winter looking to be as poor or worse than last year's winter snowpack, which produced a 49% of average unregulated runoff inflow into Lake Powell.

We remain without clarity about Colorado River's 2027 operations and the impact of reductions to Arizona in 2027 and beyond. The lack of decision continues to narrow the amount of time that municipal providers have to prepare for these reductions.

#### RECOMMENDATION

The AMWUA Board of Directors is requested to ask questions and discuss the Colorado River.

Arizona Municipal Water Users Association

## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

**Amended January 20, 2026**

January 22, 2026

## 2026 Legislative Session

### ANNUAL PLAN REFERENCE

#### Legislation

Effectively advocate with one voice at the Legislature.

- Analyze and engage on 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

The Second Regular Session of the 57<sup>th</sup> Legislature began on January 12, 2026. As of end of January 19, 2026, 1193 bills and resolutions have been introduced as of amending of this report. Of those, 77 bills are water-related.

In preparation for the 2026 Legislative Session, the AMWUA Board of Directors approved the 2026 Legislative Agenda at its December 11, 2025 meeting. AMWUA also prepared for the session with having its Government Relations Director, Aly Slobodzian, along with Barry Aarons and his team meet with Legislators and legislative staff, stakeholders, our members' InterGovs, and attend CRWUA.

This report summarizes each water bill that has been introduced. Those bills that have been identified as most relevant to AMWUA's 2026 legislative agenda are listed first in the report and include a recommendation for support or oppose. The majority of introduced bills are being watched. "Watch" is intended to cover those bills that we are monitoring while we learn more about its intent or possible impact as well as those water bills that have little or no impact to AMWUA members per the 2026 legislative agenda.

At its January 14, 2026 meeting, the AMWUA Management Board recommended positions for 10 water bills. Since that meeting, additional legislation has been introduced and reviewed by AMWUA staff. Those bills are designated in this report as **NEW**."

At the January 22, 2026 meeting, AMWUA staff will review with the AMWUA Board of Directors those bills identified as most relevant to the 2026 legislative agenda and will be prepared to answer questions or provide clarification on the remaining bills.

## **RECOMMENDATION**

The AMWUA Management Board recommended that the AMWUA Board of Directors adopted the legislative positions presented below. Subsequently, additional legislation has been introduced with AMWUA staff identifying positions for those water bills consistent with AMWUA's 2026 legislative agenda. Those bills are identified with an asterisk in the suggested motion.

Depending on the introduction of legislation before the January 22, 2026 Board meeting, the AMWUA Board of Directors may be asked to adopt positions for additional legislation.

## **SUGGESTED MOTION**

*I move that the AMWUA Board of Directors have AMWUA adopt the following legislative positions as outlined in the Board packet:*

### **SUPPORT**

- HB 2116** - Appropriation; Colorado River litigation fund (Griffin)
- HB 2185** - Homeowners' associations; lawns; drought (Willoughby)
- \***HB 2758** - McMullen Valley; eligible entities; groundwater (Griffin)
- HCR 2006** - Environment; natural resources; preservation; maintenance (De Los Santos)

### **OPPOSE**

- HB 2025** - DWR; appealable agency actions; exemption (Griffin)
- HB 2026** - Assured water supply; commingling (Griffin)
- HB 2027** - Physical availability; review; designated providers (Griffin)
- HB 2028** - DWR; application; administrative completeness (Griffin)
- HB 2095** - Assured water supply; well depth (Griffin)
- HB 2099** - Long-term storage credits; shortage; prohibition (Griffin)
- HB 2146** - Mesquite; drought tolerant plants; prohibition (Griffin)
- \***HB 2328** - Municipal corporations; water supply; rates (Marshall)
- \***HB 2757** - Butler Valley; La Paz; groundwater (Griffin)
- \***SB 1200** - Assured water supply; certificate; model (Shope)
- \***SB 1201** - Long-term storage credits; shortage; prohibition (Shope)

## **Bills most relevant to AMWUA's 2026 Legislative Agenda –**

### **HB 2025 - DWR; appealable agency actions; exemption**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2025 repeals an exemption ADWR has related to licensing decisions that can be appealed to the Office of Administrative Hearings (OAH). For nearly all state agencies, an applicant can appeal an agency's determination to OAH, where the case will be heard by an administrative law judge. The agency is largely bound by that judge's determination unless it decides to appeal it to a court. Because ADWR is exempt from this process, it has more latitude to accept, reject, or modify that judge's opinion. According to ADWR, it obtained this exemption in 2022 because the complexity of hydrology and water law could lead an administrative law judge to make erroneous decisions that would result in additional litigation.

**AMWUA impact:** HB 2025 could open the door for an administrative law judge to make an incorrect decision on Assured Water Supply determinations which could impact AMWUA's members.

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### **HB 2026 - Assured water supply; commingling**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2026 would direct the Arizona Department of Water Resources (ADWR) to only consider the proposed water source for Certificate of Assured Water Supply (Certificate) application, and no other sources such as groundwater that are commingled in a provider's system. 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 with Designations of Assured Water Supply (Designations) like the AMWUA cities have their water supplies reviewed every 10-15 years by the ADWR to determine compliance with Assured Water Supply (AWS) criteria. This regular review is why subdivisions that receive service from Designated providers do not need to obtain Certificates. Water providers that lack Designations must have their supplies regularly reviewed by ADWR when evaluating whether to issue a Certificates 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 Certificates for proposed developments served by undesignated providers that have groundwater commingled in their distribution system.

HB 2026 is part of an effort to allow Certificates 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 Certificates while pumping greater volumes of groundwater, which runs counter to the goals of the AWS Program and Groundwater Management Act.

**AMWUA impact:** This bill could lead to increased unreplenished groundwater pumping to offset any renewable supply dedicated to the Certificate.

**Historical context:** HB 2204 is a repeat of HB 2024 (assured water supply; commingling) which was held in the Senate in the 2025 session and HB 2017 (assured water supply; commingling), which Governor Hobbs vetoed in the 2024 session.

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### **HB 2027 - Physical availability; review; designated providers**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2027 would endanger the Designations of all designated municipal providers in the Phoenix AMA. The bill prohibits ADWR from adopting the Carry-Over Rule in the Phoenix AMA, which allows Designated municipal water providers to carry over their unused physically availability groundwater when renewing their Designations. We do not know the ramifications since ADWR has already adopted this rule. However, HB 2027 directs ADWR to review the physical availability of groundwater and stored water for each Designated municipal water provider in the Phoenix AMA, which is different ADWR's current review of the designations, which are nearing completion.

**AMWUA impact:** This bill is an attempt to question and undermine the physically available groundwater for all Designated municipal providers and consequently threaten their ability to retain their Designations. This bill could cause incalculable damage to growth and development in Phoenix metropolitan area and the entire state by questioning the designations of water providers.

**Historical context:** Repeat of HB 2366 (physical availability; review; designated providers) in 2024 session. AMWUA opposed. Held in House.

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### **HB 2028 - DWR; application; administrative completeness**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** Under current law, a state agency's determination that an application is not administratively complete is an appealable agency action that entitles the applicant to adjudication before the Office of Administrative Hearings. However, ADWR is exempt from this provision of state law, likely owing to the complexity of water law and hydrology.

**AMWUA impact:** HB 2028 could open the door for litigation on whether Certificate applications using outdated groundwater models are administratively complete. The result of this litigation could be averse to the interests of AMWUA's members.

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### **HB 2052 - Management plan; water loss; percent**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** Like previous management plans, the 5th Management Plan requires municipal providers to limit the amount of Lost and Unaccounted for Water in their distribution systems. This limit is 10% for large water providers and 15% for small water providers (those that serve less than 250 AF/year). The 10% limit is significantly below the national average.

Lost and Unaccounted for Water is currently calculated based the total quantity of water from any source that enters the provider's system except for direct use of effluent. It is calculated on either an annual or three-year basis. HB 2052 directs ADWR to amend its management plan to lower this requirement to 8% for all providers, regardless of being a small or large provider. It also changes the methodology for this calculation to include all effluent usage. While all water providers strive to operate efficiently, there are concerns about how expensive it will be to meet this requirement and whether this expense is worth the volume of water saved. Moreover, ADWR's calculation of Lost and Unaccounted for Water is not entirely aligned with the American Water Works Association's guidance on calculating water loss.

**AMWUA impact:** This bill will likely require significant, expensive infrastructure replacement investments to comply, which will lead to water rate increases.

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### **HB 2053 - Appropriation; stormwater recharge mapping; sites**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW as amended 6-4-0-0 on January 13

**Bill content:** HB 2053 appropriates \$100,000 to ADWR to update stormwater recharge map with a focus on identifying areas without preexisting surface water rights and optimal soil conditions, in collaboration with the Arizona Natural Resource Conservation Board and Salt River Project. Notably, these sites cannot include lands that stormwater may run off of and enter and stream of natural channel, thereby creating conflicts with existing surface water rights. That criterion may sharply limit the number of sites that could qualify.

**AMWUA impact:** HB 2053 does not directly affect AMWUA's members.

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### **HB 2054 - Water provider; definition; conservation district**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2054 allows CAGRD to be defined as a water provider that could new water supplies developed from WIFA's Long-Term Water Augmentation Fund.

**AMWUA impact:** We are researching what the implications would be for HB 2054.

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### **HB 2055 - Brackish groundwater recovery program**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2055 creates a WIFA-managed Brackish Groundwater Recovery Fund to finance desalination efforts and brackish groundwater projects that will result in new sources of potable water. WIFA must use this fund and the Long-Term Water Augmentation Fund to provide matching dollars to develop and construct qualifying projects. HB 2055 outlines a schedule for WIFA to issue an RFP and evaluate proposals and adopt rules to govern the selection of projects. However, this fund may pull monies from the Long-Term Water Augmentation Fund, which may undermine WIFA's ability to secure a much-needed water importation project.

**AMWUA impact:** HB 2055 could divert WIFA's resources away from the long-term water augmentation projects that are more needed for Arizona' long-term water security and that AMWUA members are also interested in.

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### **HB 2094 - Assured water supply; certificate; model**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2094 requires ADWR to review 20 pending Certificate applications in the Phoenix AMA that were halted as a result of the June 2023 Phoenix AMA groundwater model, and to complete their review using previous groundwater models. To be eligible, the municipal provider serving the development authorized by the Certificate must offer to sell enough LTSCs for 25% of the development's reported excess groundwater to CAGRD. The annual obligation will continue as long as the development retains a replenishment obligation. Additionally, any Certificate authorized by HB 2094 would apply towards a municipal provider's Designation if it applied for the Alternative Pathway to Designation (ADAWS).

**AMWUA impact:** HB 2094 could enable up to 7,212 AF/year of new pumping if all 20 Certificates were issued. However, developments for at least 5 Certificate applications (with 4,130 AF/year of pumping) will either be served by currently Designated providers or providers that have submitted an ADAWS application to ADWR. Some of these pending Certificate applications could also be issued through the Ag-to-Urban Program. Therefore, the actual volume of new pumping enabled by HB 2094 may have less impact to the aquifer and CAGRD than anticipated.

**Historical context:** HB 2094 is a repeat of the amended version of HB 2091 (NOW: assured water supply; certificate; model) from the 2025 session, which was vetoed by Governor Hobbs.

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### **HB 2095 - Assured water supply; well depth**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2095 redefines the statutory criteria for Assured Water Supply related to groundwater. Specifically, it directs ADWR to narrowly limit its modeling of whether groundwater is physically available by focusing on the groundwater level at the exact point of withdrawal after 100 years. This approach sharply contrasts with ADWR's current approach of using regional groundwater models when making determinations about physically available groundwater. SB 1200 (Shope) is the mirror bill in the Senate.

**AMWUA impact:** HB 2095 would increase the amount of pumping in the Phoenix AMA, which will jeopardize the groundwater set aside in AMWUA members' Designations of Assured Water Supply and the water they have stored underground.

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### **HB 2097 - Irrigation non-expansion areas; withdrawal; maximum**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW 6-4-0-0 on January 13

**Bill content:** HB 2097 limits the amount of groundwater that someone may pump from a non-exempt well to irrigate lands in an irrigation non-expansion area (INA) to 6 AF/acre of legally irrigated land in any calendar year. It also authorizes ADWR to assess a \$150 penalty for failing to do so. Correctional facilities that irrigate land are exempt from this requirement. It also exempts users in a subsequent INA from metering non-exempt wells that are used to irrigate 10 or fewer contiguous areas that are not part of an integrated farming operation at a volume of less than 2.5 AF/acre. That person would still be required to file an estimate of water usage with ADWR. Finally, HB 2097 establishes a new process by which someone in a subsequent INA may permanently retire and substitute irrigable acreage and drill a new non-exempt well.

**AMWUA impact:** Because it pertains to INAs, HB 2097 does not directly impact AMWUA's membership. However, the provisions on subsequent INAs could increase pumping in the Harquahala INA and reduce that volume of groundwater that may be transported from that basin to the Phoenix AMA.

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### **HB 2099 - Long-term storage credits; shortage; prohibition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2099 prohibits municipal providers from earning Long-Term Storage Credits (LTSCs) or storing Colorado River water or Central Arizona Project water during a period of shortage on the Colorado River. It similarly prohibits municipal provider from ordering Central Arizona Project water that

it intends to store at an Underground Storage Facility during a period of shortage. Finally, it requires ADWR to “reject and invalidate” any assignment of LTSCs inconsistent with this prohibition. SB 1201 (Shope) is the mirror bill in the Senate.

**AMWUA impact:** HB 2099 undermines the ability of AMWUA’s members to serve their customers during times of unprecedented Colorado River shortages. In addition to illegal overriding their M&I subcontracts for CAP water, HB 2099 also jeopardizes the ability of several municipal providers to participate in exchanges with Tucson, which were designed to ensure reliable water service.

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### **HB 2116 - Appropriation; Colorado River litigation fund**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW 9-1-0-0 on January 13

**Bill content:** HB 2116 appropriates \$1 million from the state General Fund to the Colorado River Litigation Fund in FY 2027. This fund was created as part of the FY 2026 budget and is administered by ADWR. Fund monies may only be used to initiate, defend, or participate in litigation related to Arizona’s apportionment of Colorado River water or any other rights Arizona has to the river’s waters. The fund received a \$1 million appropriation as part of the FY 2026 budget.

**AMWUA impact:** AMWUA’s members all have CAP subcontracts. The state’s ability to defend Arizona’s claims to the Colorado River’s waters is vital to the AMWUA cities.

**Historical context:** \$1 million was also appropriated to this fund in the 2025 session, which AMWUA supported.

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### **HB 2146 - Mesquite; drought tolerant plants; prohibition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 14

**Bill content:** ADWR maintains a low water use and drought tolerant plant list for each AMA. Each list regulates landscaping in medians and public rights-of-way irrigated with groundwater. The plants contained in these lists are tied to the requirements of other conservation programs detailed in each management plan. Recently, as part of the legislation establishing the Ag-to-Urban Program, municipalities in initial AMAs were prohibited from requiring the installation of plants not included in the low water use plant list. HB 2146 amends this requirement to prohibit ADWR from including any mesquite species in its list. There are currently five species of mesquite listed in ADWR’s low water use and drought tolerant plant list.

**AMWUA impact:** HB 2146 would remove a well-recognized drought tolerant tree from ADWR’s low water use plant. Politicizing which plants are included on this list is a dangerous precedent that would undermine our long-term conservation efforts to reduce outdoor watering and promote low-water-use landscapes.

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### **HB 2151 - Surface water; irrigation; definition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 14

**Bill content:** Under the current state law enshrining the doctrine of prior appropriation, someone may appropriate unappropriated surface water for certain uses including municipal, irrigation, recreation or wildlife. However, none of these enumerated uses are explicitly defined in state law. HB 2151 would explicitly define “irrigation” as using water on lands to produce plants or parts of plants for sale, human

consumption, or use as feed for livestock, range livestock, or poultry. Explicitly defining "irrigation" in state law raises numerous questions about what no longer qualifies as irrigation, and whether someone engaged in an activity that no longer qualifies as "irrigation" would lose a surface water right due to abandonment or forfeiture. It also sets a precedent for restricting allowable uses of surface water.

**AMWUA impact:** Although no AMWUA members appropriate surface water to irrigate lands, we want to further research to understand the precedent this bill could set for municipal water providers with surface water rights.

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### **HB 2185 - Homeowners' associations; lawns; drought**

**Primary Sponsor:** Willoughby (R) | **Latest Action:** House Second Read on January 14

**Bill content:** A homeowners association (HOA) may not require overseeding during a "drought year," defined as any year that a municipality receives less than 80% of its contracted CAP or surface water allocation. Overseeding is the practice of adding new grass seed directly on top of previous seed, a water-intensive strategy mandated by many Arizona HOAs to improve lawn visual aesthetics. A technical correction does need to be made with defining "drought year."

**AMWUA impact:** Cities gain another conservation tool to protect their water supplies.

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### **NEW: HB 2328 - Municipal corporations; water supply; rates**

**Primary Sponsor:** Marshall (R) | **Latest Action:** Introduced on January 14

**Recommended Position: Oppose**

**Bill content:** HB 2328 would prohibit municipalities in Pima County from charging higher water rates to customers that reside outside of city limits, but within their service area. This bill is likely in response to a 2021 ordinance the City of Tucson adopted that increased water rates on some ratepayers who lived in unincorporated areas of Pima County. Pima County successfully sued, arguing that these residents were overcharged for their water. The City of Tucson has since revised rate-setting methodology and adopted new rate increase for these residents.

**AMWUA impact:** While HB 2328 applies only to municipalities in Pima County, this bill sets a dangerous precedent that infringes on municipal water providers' ability to oversee the necessary finances and operations to serve their customers.

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### **NEW: HB 2757 - Butler Valley; La Paz; groundwater**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Introduced on January 15

**Recommended Position: Oppose**

**Bill content:** In Butler Valley, groundwater can be withdrawn and transported to initial AMAs from land owned by the state or a political subdivision of this state. HB 2757 would limit transportation from this basin to only land that the La Paz County Board of Supervisors owns or leases. This transported groundwater could be used by La Paz County or a political subdivision or municipal provider within that county. It could also be sold or leased to CAGRD to meet its replenishment obligation.

Butler Valley largely consists of state trust land. Under the current framework, a city or town could theoretically acquire or lease land for transporting groundwater at a better price than purchasing land in

the Harquahala INA. (Whether that lower land price makes up for the costs of treating and transporting that groundwater to the CAP, which lies outside the basin, is a separate question.)

**AMWUA impact:** HB 2757 effectively removes Butler Valley groundwater as a future supply for municipal providers in the Phoenix AMA.

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**NEW: [HB 2758](#) - McMullen Valley; eligible entities; groundwater**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Introduced on January 15

**Recommended Position:** Support

**Bill content:** HB 2758 replaces the criteria for transporting groundwater from the McMullen Valley groundwater with criteria that are similar to those governing groundwater transportation from the Harquahala INA. In doing so, it broadens the entities that can transport groundwater from this basin and could increase the volume of groundwater that can be transported. Currently, only the City of Phoenix (if it still owned farmland in that basin) or a person who bought land that was in the Maricopa County side of the basin before 1988 could transport groundwater. HB 2758 would expand the eligible entities to include the state, its political subdivisions (such as cities and CAGRD), and public service corporations, including those in La Paz County. Additionally, under current law, the annual volume of groundwater that could be transported was limited to 3 AF/acre for each acre of historically irrigated land owned on average over a 10-year rolling period. Up to 6 million acre-feet could be transported from this basin, though it's unclear if that limit applies to each transporting entity or all transporting entities. HB 2758 replaces these volumetric limits with a more complicated set of criteria focused on limiting groundwater pumping to a depth of 1,200 feet provided doing so does not cause the groundwater table to decline by more than 10 feet per year over a 100-year period. The amount withdrawn per acre of historically irrigated land cannot exceed 36 AF over a 10-year rolling period. However, ADWR can allow for greater volumes to be withdrawn if doing so will either not unreasonably increase damage to nearby residents or the transporting entities will mitigate the damage cause. Notably, La Paz County entities are limited to transporting only 10% of the annual volume of groundwater available for transportation.

HB 2758 also establishes metering and reporting requirements for transporting groundwater as well as some more specific criteria on how La Paz County entities can utilize transported groundwater.

**AMWUA impact:** HB 2758 could allow AMWUA cities and other municipal providers to transport groundwater from McMullen Valley.

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**NEW: [SB 1200](#) - Assured water supply; certificate; model.**

**Primary Sponsor:** Shope (R) | **Latest Action:** Introduced on January 15

**Recommended Position:** Oppose

**Bill content:** SB 1200 redefines the statutory criteria for Assured Water Supply related to groundwater. Specifically, it directs ADWR to narrowly limit its modeling of whether groundwater is physically available by focusing on the groundwater level at the exact point of withdrawal after 100 years. This approach sharply contrasts with ADWR's current approach of using regional groundwater models when making determinations about physically available groundwater.

HB 2095 (Griffin) is the mirror bill in the House.

**AMWUA impact:** SB 1200 would increase the amount of pumping in the Phoenix AMA, which will jeopardize the groundwater set aside in AMWUA members' Designations of Assured Water Supply and the water they have stored underground.

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**NEW: SB 1201 - Long-term storage credits; shortage; prohibition.**

**Primary Sponsor:** Shope (R) | **Latest Action:** Introduced on January 15

**Recommended Position: Oppose**

**Bill content:** SB 1201 prohibits municipal providers from earning Long-Term Storage Credits (LTSCs) or storing Colorado River water or Central Arizona Project water during a period of shortage on the Colorado River. It similarly prohibits municipal provider from ordering Central Arizona Project water that it intends to store at an Underground Storage Facility during a period of shortage. Finally, it requires ADWR to "reject and invalidate" any assignment of LTSCs inconsistent with this prohibition.

HB 2099 (Griffin) is the mirror bill in the House.

**AMWUA impact:** SB 1201 undermines the ability of AMWUA's members to serve their customers during times of unprecedented Colorado River shortages. In addition to illegal overriding their M&I subcontracts for CAP water, SB 1201 also jeopardizes the ability of several municipal providers to participate in exchanges with Tucson, which were designed to ensure reliable water service.

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**HCR 2006 - Environment; natural resources; preservation; maintenance**

**Primary Sponsor:** De Los Santos (D) | **Latest Action:** Prefiled on January 7

**Resolution content:** Amends the Arizona Constitution to establish an inherent, inalienable right for all residents to a clean and healthy environment, including clean air and water with an emphasis on preservation.

**AMWUA impact:** No direct impact.

**Bills less relevant to AMWUA's 2026 Legislative Agenda –**

**HB 2023 - Land divisions; disclosure affidavit; recording**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** A land division under state law involves someone dividing a larger tract of land into five or fewer lots, parcels, or fractional interests any of which are 10 acres or smaller. Since they occur in unincorporated areas, county boards of supervisors have the authority to adopt ordinances and regulations involving land divisions. Arizona law requires a seller of the parcels resulting from a land division to provide an affidavit of disclosure to a buyer. HB 2023 expands the disclosure requirements for this affidavit to require information on the property's water provider, a well registration status with ADWR, a buyer beware notice for well inspection and maintenance responsibilities, and the most recent inspection and pump dates for on-site wastewater treatment systems.

**AMWUA impact:** These requirements apply only to land sellers in unincorporated areas this bill will have a limited impact on AMWUA's members.

**Historical context:** Repeat of HB 2092 (land divisions; disclosure affidavit; recording) in 2025. AMWUA did not take a position. Governor vetoed for non-water policy reasons.

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### **HB 2024 - Water supply development; definition; snowpack**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Passed House NREW 6-4-0-0 on January 13

**Bill content:** The Water Infrastructure Finance Authority's Water Supply Development Revolving Fund provides grants and loans to water providers outside of the Phoenix, Pinal, and Tucson AMAs. This financial assistance can be used for several purposes, including acquiring water rights, water-related facilities or projects, and groundwater replenishment. HB 2024 would allow this fund to be used to finance weather modification projects that increase snowpack.

**AMWUA impact:** Since only rural communities are eligible, AMWUA's members are not impacted by this change.

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### **HB 2029 - Water conservation grant fund; disclosure**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Scheduled for House NREW Committee on January 20

**Bill content:** HB 2029 requires CAP subcontractors that apply to WIFA's Water Conservation Grant Fund to include projected water savings, type of water the project will save, estimated savings for surface or groundwater, and the use plans for the water saved. WIFA already requires most of this information in its grant applications, which raises the question of whether this bill is even necessary.

**AMWUA impact:** Minimal, as WIFA already requires much of this information for current grant applications.

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### **HB 2030 - Water conservation grant fund; education**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Scheduled for House NREW Committee on January 20

**Bill content:** HB 2030 removes education and research programs on how to reduce water consumption, increase water efficiency, or increase water reuse as qualifying uses of Water Conservation Grant Fund monies. Of the 213 grant applications that WIFA has approved, 11 have involved education and research programs (\$6.6 million). Among the applications included studying soil amendments that reduce water usage, studying effluent reuse with the goal of rerouting discharge from the Douglas Wastewater Treatment Plant, and improving Flagstaff's groundwater flow model.

**AMWUA impact:** This bill could prevent cities from applying for funding for any future education and research on conservation.

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### **HB 2031 - Grandfathered right; Willcox AMA; extension**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** Within AMAs, pumping groundwater requires someone to obtain a right or a permit from ADWR. A grandfathered groundwater right refers to a right to pump groundwater based on the individual's historic water usage, which is essentially grandfathered into the AMA. HB 2031 extends the application window to file for grandfathered groundwater rights in the Willcox AMA to 27 months after AMA's formation, retroactive from January 7, 2025. Extending the deadline might benefit some

residents of the Willcox AMA who have not submitted their applications and might therefore lose their right to pump groundwater.

**AMWUA impact:** This bill is not applicable to the Phoenix AMA.

**Historical context:** Repeat of HB 2551 (grandfathered right; Willcox AMA; extension) in 2025 session. AMWUA did not take a position. Governor vetoed.

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### **HB 2056 - Appropriation; brackish groundwater; feasibility study**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2056 appropriates \$100,000 from the state General Fund to ADWR in FY 2027 to conduct a feasibility study of potential brackish groundwater desalination project sites in Gila Bend, Ranegras Plain, West Salt River Valley, and the Little Colorado River Plateau groundwater basins. ADWR previously conducted an inventory of brackish groundwater in these areas in 2024, which outlined several challenges that would need to be overcome to utilize brackish groundwater.

**AMWUA impact:** HB 2056 does not impact AMWUA's members.

**Historical context:** The FY 2024 budget included a \$100,000 appropriation to ADWR to review and update information contained in studies on the availability of brackish groundwater.

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### **HB 2077 - Multifamily developments; assured water supply**

**Primary Sponsor:** Bliss (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2077 prohibits a municipality or county from approving a building permit for a multifamily residential property in the Prescott AMA unless the applicant has obtained service from a Designated water provider or a Certificate. This prohibition does not apply to building permit applications that have applied for or received zoning entitlements before the bill's effective date.

**AMWUA impact:** Because HB 2077 is limited to the Prescott AMA, it does not apply to AMWUA's members.

**Historical context:** HB 2077 is similar to HB 2487 (residential lease community; Prescott AMA) from 2024.

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### **HB 2096 - Forgivable financial assistance; cesspool remediation**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Scheduled for House NREW Committee on January 20

**Bill content:** HB 2096 allows a county to receive financial assistance from WIFA's state revolving funds to remediate, close, or replace cesspools that present a risk to surface water, groundwater, or public health. These cesspools must be replaced with an on-site wastewater system approved by ADEQ or that is connected to a wastewater treatment facility. HB 2096 also requires WIFA to provide an annual report on the number of cesspools that have been remediated or replaced, the total amount of financial assistance awarded, and recommendations for improving this effort.

**AMWUA impact:** This bill likely applies to cesspool remediation efforts in rural Arizona and therefore does not impact AMWUA's members.

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## **HB 2098 - County water augmentation authorities; bond**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2098 expands the Pinal County Water Augmentation Authority's (PCWAA) powers to issue revenue bonds to acquire or construct infrastructure such as recovery wells, storage projects, and water and wastewater treatment plants. PCWAA can also use bonds to acquire water and rights to water. It also outlines the process PCWAA's Board must follow to secure bonds.

**AMWUA impact:** HB 2098 does not impact AMWUA's members.

**Historical context:** HB 2098 is a repeat of SB 1134 (NOW: county water augmentation authorities; bond) from the 2025 session, which never received a concurrence and final vote in the Senate.

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## **HB 2100 - Small land subdivision; requirements**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2100 would allow a county board of supervisors to adopt ordinances and regulations to enable a new process for splitting lands called "small land subdivisions." This process would involve dividing a tract of land into 6-10 lots or parcels, all of which are more than 2 acres in size. This process could only occur in areas not subject to Assured Water Supply or mandatory adequate water supply requirements. To qualify, an applicant would need to file a small land subdivision public report with the county. The Arizona Department of Real Estate would issue this report, which would include a land survey, a road maintenance agreement, information on water access for the lots or parcels to be created and the availability of other utility services. The small land subdivision report would authorize the sale or lease of lots or parcels created by the small land subdivision. By creating a new way to divide lands into lots without requiring a disclosure of an Adequate Water Supply, HB 2100 is a step backwards for ensuring water security for potential homeowners.

**AMWUA impact:** HB 2100 does not impact AMWUA's members.

**Historical context:** HB 2100 is a repeat of HB 2574 (small land subdivisions; requirements) from the 2025 session, which was vetoed by Governor Hobbs.

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## **HB 2101 - Supply and demand; assessment; groundwater**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** ADWR is required each year to issue water supply and demand assessments for at least 6 of the 51 groundwater basins in Arizona. This assessment must also be completed for all basins and initial active management areas (AMAs) at least once every 5 years. HB 2101 would require these assessments to contain certain information, including changes in the average depth-to-static water level, depth-to-bedrock level, location and distribution of index wells, total volume of groundwater available, and the impact of any stormwater recharge projects. SB 1202 (Shope) is the mirror bill in the Senate.

**AMWUA impact:** The additional information required by HB 2101 will likely not impact AMWUA's members.

**Historical context:** HB 2101 is a repeat of HB 2271 (supply and demand; assessment; groundwater) from the 2025 session, which Governor Hobbs vetoed.

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## [\*\*HB 2102 - Domestic water improvement districts; hauling\*\*](#)

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** A county board of supervisors may create a county improvement district in an unincorporated area that can serve various purposes, including building and operating a wastewater treatment plant or acquiring, building, and maintaining waterworks to deliver drinking water for domestic purposes. This district is governed by a county board of supervisors and can levy secondary property taxes, issue bonds and levy assessments. Additionally, this district can charge various user fees. HB 2102 would allow a county improvement district to be created in a subsequent AMA to build and operate waterworks such as standpipes or a system to deliver water for domestic uses through water hauling. The county board of supervisors would be authorized to acquire, construct, maintain wells and standpipes for this purpose. The district may also exercise eminent domain only to acquire and secure a site for building a single well and standpipe of make water available.

**AMWUA impact:** Because it only applies to subsequent AMAs, HB 2102 does not impact AMWUA's members.

**Historical context:** HB 2102 is a repeat of HB 2084 from the 2025 session, which passed out of the House but never received a hearing in the Senate.

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## [\*\*HB 2103 - Water improvements program; water hauling\*\*](#)

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 13

**Bill content:** A county board of supervisors can establish a program to help low-income or fixed-income owners of residential property deepen their wells or plumb or replumb their homes for a water delivery system. Since a county must rely on gifts, grants, and donations to finance this effort, county boards of supervisors have been reluctant to establish this program. Only Mohave and Yuma County offer these programs. HB 2103 would allow this program to also include covering the costs of water hauling and acquiring or installing storage tanks to receive water delivered through water hauling.

**AMWUA impact:** Because it only applies to counties, HB 2103 does not impact AMWUA's membership.

**Historical context:** HB 2103 is a repeat of HB 2086 (water improvements program; water hauling), which Governor Hobbs vetoed in the 2025 session.

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## [\*\*HB 2125 - Weather modification; license; rules\*\*](#)

**Primary Sponsor:** Fink (R) | **Latest Action:** House Second Read on January 13

**Bill content:** HB 2125 overhauls ADWR's regulatory authority over cloudseeding and weather modification. It now requires any party that plans to engage in projects that augment precipitation, suppress hail, or disperse fog to receive a license from ADWR. A license may only be issued if the project will not cause flooding, damage, property, or harm wildlife and will use chemical compounds, and substances that have been reviewed and approved by ADEQ. ADWR is also required to provide notice to nearby residents and hold a public meeting in the affected area. A licensee is required to maintain insurance of evidence of financial surety for the duration of the project's operation. The bill also outlines the criteria and process for renewing and suspending a license and requires ADWR to maintain an online database of all licenses.

**AMWUA impact:** Since AMWUA's members do not engage in cloudseeding or other weather modification activities, the direct impact of this bill is minimal.

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**NEW: [HB 2134](#) - Critical infrastructure; foreign adversaries; prohibition**

**Primary Sponsor:** Kupper (R) | **Latest Action:** House Second Read on January 13

**Recommended Position: Watch**

**Bill content:** HB 2134 prohibits the use of software developed by a Chinese company for any critical infrastructure, including any water supply refinement, storage, or delivery system.

**AMWUA impact:** AMWUA staff is still researching to understand the implications HB 2134 may have on municipal water providers' current operating systems.

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**[HB 2151](#) - Surface water; irrigation; definition**

**Primary Sponsor:** Griffin (R) | **Latest Action:** House Second Read on January 14

**Bill content:** Under the current state law enshrining the doctrine of prior appropriation, someone may appropriate unappropriated surface water for certain uses including municipal, irrigation, recreation or wildlife. However, none of these enumerated uses are explicitly defined in state law. HB 2151 would explicitly define "irrigation" as using water on lands to produce plants or parts of plants for sale, human consumption, or use as feed for livestock, range livestock, or poultry. Explicitly defining "irrigation" in state law raises numerous questions about what no longer qualifies as irrigation, and whether someone engaged in an activity that no longer qualifies as "irrigation" would lose a surface water right due to abandonment or forfeiture. It also sets a precedent for restricting allowable uses of surface water.

**AMWUA impact:** Although no AMWUA members appropriate surface water to irrigate lands, we want to further research to understand the precedent this bill could set for municipal water providers with surface water rights.

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**NEW: [HB 2263](#) - Colorado River water; replenishment; restriction**

**Primary Sponsor:** Griffin (R) | **Latest Action:** Introduced on January 13

**Recommended Position: Watch**

**Bill content:** HB 2263 prohibits Colorado River from being used for replenishment in an AMA unless the water is delivered to a permitted facility that is owned by the Central Arizona Water Conservation District (CAWCD) or a permitted groundwater savings facility (GSF) on state lands or private land. The implication of this confusing language seems to be that CAGRD would be limited to pursuing replenishment activities at CAWCD-owned underground storage facilities (USFs) or GSFs on state or private land. Doing so would stop Central Arizona Groundwater Replenishment District (CAGRD) replenishment at the Granite Reef Underground Storage Project as well as several storage facilities owned and operated by the Gila River Indian Community. CAGRD replenishment is a viable tool for offsetting groundwater pumping, and it is deeply problematic to limit the scope of its activities to certain storage sites.

**AMWUA impact:** AMWUA staff is still researching to understand the implications HB 2263.

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**NEW: [HB 2328](#) - Municipal corporations; water supply; rates**

**Primary Sponsor:** Marshall (R) | **Latest Action:** Introduced on January 14

**Recommended Position:** Oppose

**Bill content:** HB 2328 would prohibit municipalities in Pima County from charging higher water rates to customers that reside outside of city limits, but within their service area. This bill is likely in response to a 2021 ordinance the City of Tucson adopted that increased water rates on some ratepayers who lived in unincorporated areas of Pima County. Pima County successfully sued, arguing that these residents were overcharged for their water. The City of Tucson has since revised rate-setting methodology and adopted new rate increase for these residents.

**AMWUA impact:** While HB 2328 applies only to municipalities in Pima County, this bill sets a dangerous precedent that infringes on municipal water providers' ability to oversee the necessary finances and operations to serve their customers.

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**NEW: [HB 2723](#) - Big Chino; groundwater withdrawal; mitigation**

**Primary Sponsor:** Bliss (R) | **Latest Action:** Introduced on January 15

**Recommended Position:** Watch

**Bill content:** Under current law, groundwater in the Big Chino subbasin may only be transported to the Prescott AMA. Only cities or towns that own land that has been historically irrigated in this subbasin or that have the consent of landowners in this subbasin can engage in transportation. Attempts to transport groundwater from this subbasin led to lawsuits and eventually two agreements between Prescott, Prescott Valley, and the Salt River Project that included monitoring and modeling of the Big Chino Subbasin to determine the extent of the hydrology connection between groundwater pumping and the Verde River's flows.

HB 2723 requires a municipality to obtain a certificate of adequate mitigation from ADWR before it transports groundwater from this sub-basin. When adopting rules for obtaining this certificate, ADWR must ensure that an applicant meets several conditions, including ensuring that base flow, water quality, and natural flood flow cycles are maintained and requiring the transporting municipality to mitigate any degradation to base flow, water quality, and natural flood flow cycles. A municipality would need to renew this certificate with ADWR every ten years and provide information on the location, timing, and anticipated effects of its pumping ADWR at the time of application.

**AMWUA impact:** Given the hydrological connection between surface water and groundwater in this area, HB 2723 may be a pragmatic approach to allowing groundwater transportation from the Big Chino Sub-basin while limiting the harmful impacts of this pumping to the Verde River watershed. We want to understand SRP's perspective of how HB 2723 impacts their system.

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**[SB 1019](#) - Public water systems; fluoride; prohibition**

**Primary Sponsor:** Shamp (R) | **Latest Action:** House Second Read on January 14

**Bill content:** SB 1019 directs the Arizona Department of Environmental Quality to adopt rules prohibiting fluoride from being introduced into public water systems. Currently, Arizona does not require water utilities to add fluoride to drinking water. Some AMWUA members, such as the City of Avondale, do not add any fluoride to drinking water while others like the City of Mesa and City of Phoenix do. There are federal limits on the concentration of fluoride in drinking water. Under the Safe Drinking Water Act, the EPA established a maximum allowable fluoride concentration of 4.0 milligrams

per liter (mg/L) in 1986. However, in April 2025, the EPA announced that it would review scientific literature on the health risks of fluoride in drinking water.

**AMWUA impact:** Cities will no longer be able to add fluoride to their water supply. This does not affect water supply with naturally occurring fluoride.

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### **SB 1087 - Helium exploration; aquifer protection permit**

**Primary Sponsor:** Finchem (R) | **Latest Action:** House Second Read on January 14

**Bill content:** Currently, an aquifer protection permit (APP) is required for any facility that discharges pollutants to the groundwater. However, certain uses are exempt from being required to obtain an APP, including ponds for livestock and wildlife, facilities using CAP water for underground storage, and surface impoundments to contain stormwater runoff. SB 1087 adds helium exploration and production wells that are designed to not discharge contaminants into an aquifer to these exempted uses.

According to ADEQ, helium gas extraction can usually be achieved by drilling wells without any well stimulation, which means that an APP is not required. When well stimulation—which involves injecting fluids into a well to open pathways between particles in rock formation—is required to help helium gas flow, ADEQ does require an APP.

**AMWUA impact:** Helium gas extraction activities have largely been concentrated in northern Arizona and therefore do not impact AMWUA's membership.

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### **SB 1098 - Climate; weather; modification; prohibition; penalties**

**Primary Sponsor:** Kavanagh (R) | **Latest Action:** House Second Read on January 14

**Bill content:** SB 1098 prohibits injecting, releasing, or dispensing any chemical, compound, or substance within Arizona to affect temperature, climate, weather, or intensity of sunlight. Violating this prohibition is a class 4 felony subject to a civil penalty of up to \$100,000 per violation. Certain activities such as normal aircraft operations and fire suppression measures are exempt from this prohibition. The bill also repeals ADWR's current authority to regulate weather control and cloud seeding, and in its place directs the agency to adopt rules to create a process to receive complaints.

**AMWUA impact:** No direct impact.

**Historical context:** This legislation is similar to HB 2056 (geoengineering; prohibition) from the 2025 legislative session.

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### **NEW: SB 1176 - Stormwater storage; replenishment credits**

**Primary Sponsor:** Petersen (R) | **Latest Action:** Introduced on January 14

**Recommended Position:** Watch

**Bill content:** SB 1176 is a repeat of the amended version of SB 1236 (NOW: storm water) from last legislative session. It would allow someone in the Phoenix AMA to recharge stormwater at a constructed underground storage facility (USF) to earn a "replenishment credit." This credit can be used to offset the storers's CAGRD replenishment obligation if pumping occurred within 2 miles of the USF where storage occurred or a portion of the service area of the water provider that pumped the groundwater is within 2 miles of USF where storage occurred. ADWR would treat these credits as groundwater, which means that stormwater recharge could benefit modeling for Assured Water Supply purposes.

SB 1176 is a novel approach for incentivizing stormwater recharge, but several components of it will need to be overhauled so that this approach could actually be implemented without harming other water users. "Stormwater" is very narrowly defined in this bill, which raises question as to whether any significant volume of this water would be available for recharge. There are also administrative hurdles related to ADEQ's authority to require an aquifer protection permit for this type of recharge and how ADWR would permit a USF that for this use. Finally, there are questions about whether it would be financially practical to build or modify USF that could include stormwater recharge.

**AMWUA impact:** SB 1176, as currently written, does not provide enough clarity for how it would work and be administered. However, stormwater recharge could, if done correctly, be a tool for mitigating aquifer drawdown.

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**NEW: [SB 1187](#) - Active management areas; technical correction**

**Primary Sponsor:** Shope (R) | **Latest Action:** Introduced on January 14

**Recommended Position:** Watch

**Bill content:** SB 1187 makes a technical correction to address a spelling error in statute. However, AMWUA staff suspects this bill will be used as a vehicle for a future strike-everything amendment that may contain any topic, which may be of great importance to AMWUA.

**AMWUA impact:** As written, the changes this bill makes does not impact AMWUA cities. However, staff will keep an eye on this bill's movement to see if it becomes a striker.

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**NEW: [SB 1197](#) - Subsequent AMAs; groundwater portability**

**Primary Sponsor:** Dunn (R) | **Latest Action:** Introduced on January 15

**Recommended Position:** Watch

**Bill content:** SB 1197 allows an entity that holds a grandfathered irrigation right to use, sell, lease, or transfer the irrigation right and the attached water in the Willcox, Douglas, and newly created La Paz AMAs. The irrigation right-holder may choose to partially irrigate the land. Additionally, it requires the irrigation right-holder to notify the ADWR Director of any lease, sale, or transfer and associated terms.

**AMWUA impact:** Since SB 1197 applies to subsequent AMAs, this change appears to have a limited impact on AMWUA cities.

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**NEW: [SB 1202](#) - Supply and demand; assessment; groundwater.**

**Primary Sponsor:** Shope (R) | **Latest Action:** Introduced on January 14

**Recommended Position:** Watch

**Bill content:** ADWR is required each year to issue water supply and demand assessments for at least 6 of the 51 groundwater basins in Arizona. This assessment must also be completed for all basins and initial active management areas (AMAs) at least once every 5 years. SB 1202 would require these assessments to contain certain information, including changes in the average depth-to-static water level, depth-to-bedrock level, location and distribution of index wells, total volume of groundwater available, and the impact of any stormwater recharge projects. HB 2101 (Griffin) is the mirror bill in the House.

**AMWUA impact:** The additional information required by SB 1202 will likely not impact AMWUA's members.

**Historical context:** SB 1202 is a repeat of HB 2271 (supply and demand; assessment; groundwater) from the 2025 session, which Governor Hobbs vetoed.

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**NEW: [SB 1217](#) - Water supply development fund; cap**

**Primary Sponsor:** Dunn (R) | **Latest Action:** Introduced on January 15

**Recommended Position:** Watch

**Bill content:** WIFA's Water Supply Development Revolving Fund provides low-cost financing, grants, and technical assistance to entities outside the Phoenix, Pinal, and Tucson AMAs for water supply development projects. Currently, a single grant from this fund cannot exceed \$2 million. SB 1217 would remove this limit.

**AMWUA impact:** Because this fund is only available to entities outside of the Phoenix AMA, this bill does not impact AMWUA cities.

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## AMWUA BOARD OF DIRECTORS

### INFORMATION SUMMARY

**Amended January 20, 2026**

**January 22, 2026**

## Water Conservation Rebate Tax Parity

### ANNUAL PLAN REFERENCE

#### Conservation & Demand Management

Excel as a leader in water conservation by effectively strategizing with members on program development and implementation and coordinating awareness about conservation efforts to enhance sustainable water resources.

*Strategic Plan: Facilitate our Strength in Numbers, Educate – Excel as an Expert and Resource, Collaborate and Advocate for Solutions, Safeguard Water Supplies, Strengthen Groundwater Management, Prepare for Impacts of Drought & Shortage*

### SUMMARY

Under current federal tax law, water efficiency rebates provided by utilities are treated as taxable income, while energy efficiency rebates are exempt. This inconsistency reduces participation in water conservation programs and creates equity concerns for residents and businesses investing in water-saving improvements.

In 2016, the AMWUA Board of Directors adopted a resolution recognizing the need for federal tax parity for water conservation rebates to increase participation and improve program effectiveness across member cities. Despite different efforts through the years, there is still no tax parity for water conservation rebates.

The Water Conservation Rebate Tax Parity Act is a bipartisan legislative effort to align the tax treatment of water efficiency rebates with existing energy rebate exemptions. The Alliance for Water Efficiency is leading national advocacy efforts to support this legislation. Senator Ruben Gallego is a co-sponsor of the bill.

To show our support for this new legislative effort, we worked with The Alliance for Water Efficiency to draft a letter on behalf of the AMWUA cities, just as we did when this initiative first began in 2016. The letter would be sent to Arizona's congressional delegation. We are coordinating with peer organizations to elevate Arizona's position, and the Alliance for Water Efficiency is coordinating similar sign-on efforts across other Colorado River Basin states. Letters

from participating states will be compiled into a multi-state packet for submission to the Senate Finance and House Ways and Means Committees in February 2026.

Attached is the proposed letter to be sent to Arizona's Congressional Delegation.

#### **RECOMMENDATION**

The AMWUA Management Board concurred with staff that it would be positive for the AMWUA Board of Directors to sign the letter to Arizona's congressional delegation in support for The Water Conservation Rebate Tax Parity Act.

January X, 2026

The Honorable XX  
U.S. House of Representatives/U.S. Senate

Dear XX,

The Arizona Municipal Water Users Association (AMWUA) strongly supports the **Water Conservation Rebate Tax Parity Act of 2025 (H.R. 1871/S. 857)** and urges its inclusion in any broader tax legislation being considered.

Due to ongoing water supply challenges and rising costs, municipalities are working harder than ever to help residents use water more efficiently and reduce their water bills. Rebate programs are a key part of these efforts. They lower the initial cost of water-saving upgrades and encourage the adoption of technologies and landscapes that conserve water.

Unfortunately, under current federal law, some homeowners who participate in these programs may still receive an unexpected IRS Form 1099 for “income” related to conservation rebates. The federal reporting threshold increased from \$600 to \$2,000 beginning in tax year 2026, but the underlying issue remains. These rebates are not income—they are incentives designed to encourage practices that benefit entire communities. Taxing them creates a needless disincentive to conserve water.

AMWUA represents the municipalities of Avondale, Chandler, Gilbert, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, and Tempe—together serving more than 3.7 million residents. Last year, these communities collectively dedicated \$4.6 million to customer water conservation rebates. Many customers received rebates that exceeded the previous \$600 threshold, and in some cases, the new \$2,000 threshold, for projects like converting to water-efficient landscapes and retrofits, which required paying federal taxes. Offering rebates to residential and commercial customers is an integral part of AMWUA's conservation efforts, which are at the heart of its mission to ensure safe, reliable, and sustainable water supplies for our member cities.

The tax code already provides an exemption for energy efficiency rebates. Water efficiency rebates serve an equally vital purpose and deserve equal attention. The Water Conservation Rebate Tax Parity Act would close this gap, ensuring that tax policies support, rather than discourage, the adoption of water-saving improvements such as low-water-use landscapes, efficient appliances, and upgraded fixtures. Establishing tax parity for water conservation rebates will also lower financial and administrative barriers for residents, increase adoption of water-saving measures, and reduce administrative workload for municipal staff.

We respectfully encourage you to prioritize this vital legislation in upcoming discussions on tax policy. Removing unnecessary tax barriers will increase participation in water conservation programs, strengthen infrastructure resilience, and help communities protect limited water resources.

We greatly value your leadership on this issue and are ready to assist as you work to promote the Water Conservation Rebate Tax Parity Act.

Sincerely,

AMWUA Board of Directors

<<Names, titles, signatures will be listed below>>