



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

**ARIZONA MUNICIPAL WATER USERS ASSOCIATION
MANAGEMENT BOARD**

MEETING NOTICE AND AGENDA

**March 12, 2025
10:00 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: 815 3667 5632
(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 12, 2025 Meeting
 - 2. Next Meeting Date: April 9, 2025 at 10:00 a.m.
 - 3. Ag-to-Urban Concept
 - 4. 2025 Legislative Session
 - 5. Fiscal Year 2025 Quarterly Financial Statements – Second Quarter
- C. Member Reports**
- D. Executive Director’s Report**
- E. Future Agenda Items**
- F. Adjournment**

*The order of the agenda may be altered or changed by the AMWUA Management Board. Members of the AMWUA Management Board 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, or by request.

Arizona Municipal Water Users Association



**MANAGEMENT BOARD
MEETING MINUTES
February 12, 2025
HYBRID MEETING**

MEMBERS PRESENT

Kirk Beaty, Avondale, Chair
David Burks, Peoria, Vice Chair
Simone Kjolsrud for John Knudson,
Chandler Jessica Marlow, Gilbert
Mark Roye for Ron Serio, Glendale
Barbara Chappell, Goodyear
Chris Hassert, Mesa
Troy Hayes, Phoenix
Kevin Rose, Scottsdale
Tara Ford, Tempe

AMWUA STAFF PRESENT

Barry Aarons, Aarons Co.
Michelle Barclay, AMWUA
Paul Bergelin, AMWUA

Tyenesha Fields, AMWUA
Michael Monty AMWUA
Warren Tenney, AMWUA

Sheri Trapp, AMWUA
Simone Williams, AMWUA

A. Call to Order

Kirk Beaty called the meeting to order at 10:00 a.m.

B. General Business – Items for Discussion and Possible Action

1. [Approval of the Minutes from the January 15th, 2025, Meeting](#)

Kirk Beaty addressed corrections to the minutes from the January 15th meeting, noting that Jessica Marlow would attend virtually. He also pointed out a wording issue on page five under the Executive Director’s Report should be correct to say “vacant” position rather than “vacation”. A motion for approval of the minutes was made by David Burks and seconded by Chris Hassert.

2. [Next Meeting Date: Wednesday, March 12th, at 10:00 a.m](#)

3. [Ag-to-Urban Concept](#)

Warren Tenney, Executive Director of AMWUA, provided an update on the ongoing discussions regarding the Ag-to-Urban concept, which is being pursued legislatively and through rulemaking, resulting in two separate stakeholder processes.

He noted that Senator Shope introduced SB 1611 and a corresponding House bill, HB 2298. In a recent stakeholder meeting, only the first page of the 10-page bill was reviewed, highlighting ongoing debates over whether Irrigated Grandfathered Rights should require irrigation in one out of the last five years or three out of the last five years, with ADWR insisting on the latter. There was also discussion on replenishment requirements and whether Ag-to-Urban should be limited to designated providers.

ADWR held another stakeholder meeting last week, clarifying that Ag-to-Urban must align with the AMA's management goals, requiring either additional water sources or 100% replenishment of pumped groundwater. ADWR also defended its position that Ag-to-Urban should apply only to designated providers, while some stakeholders argued for its expansion to include Certificates to allow development in non-designated areas or aid in the transition to ADAWS.

Throughout both meetings, Mr. Tenney raised concerns and reiterated AMWUA's stance that any Ag-to-Urban proposal should meet three key criteria: ensuring groundwater savings and aquifer benefits, maintaining CAGR's ability to meet replenishment obligations, and preventing negative impacts for local recovery of Long-Term Storage Credits.

He concluded by noting that AMWUA will discuss the two Ag-to-Urban bills in the next agenda item and is recommending a position of opposition.

Mr. Hassert asked Mr. Tenney for clarification on replenishment, noting that in agriculture, there is no replenishment requirement since farmers have the right to pump groundwater. He questioned how the Ag-to-Urban concept would address replenishment. He also asked whether replenishment must be local or if it can occur at a facility or recharge site elsewhere.

Mr. Tenney explained that one of the main motivations behind the Ag-to-Urban concept is that agricultural pumping currently has no replenishment requirement. By retiring agricultural use and shifting the pumping to urban or other uses could be a potential benefit to the aquifer—provided it is implemented correctly. ADWR has proposed seven guardrails to ensure proper execution. He emphasized that replenishment is required because groundwater is still being pumped. Historically, municipal providers operating under a designation or certificate have been required to align with management goals, meaning groundwater pumping must either be replenished by the CAGR or offset with another water supply to eliminate the need for replenishment.

Mr. Tenney also clarified that, under current statutes, replenishment does not have to occur at the same location where groundwater is pumped—it can happen elsewhere. However, the CAGR is closely monitoring the proposed legislation, as it could introduce additional replenishment requirements that may impact its long-term operational plans.

4. [2025 Legislative Session](#)

Mr. Tenney introduced Michael Monti, who is working alongside Barry Aarons to help manage the large volume of legislative activity, including 120 water-related bills. He noted that Mr. Monti's support is valuable in keeping up with the fast-paced nature of recent legislative discussions.

Paul Bergelin, Water Policy Advisor at AMWUA, presented the legislative session update. He noted that nearly 1,700 bills have been introduced, 124 of which are water-related, surpassing last year's total. The bill introduction deadlines for both the Senate and House have passed, so no new bills are expected. The focus will be on monitoring existing bills, including those that may undergo strike-everything amendments.

Weekly updates are provided, and meetings are held to analyze and prioritize bills in line with the legislative agenda. The session is fast paced, requiring quick decision-making. For example, a last-minute special House committee meeting was announced on Monday for Friday, featuring 12 bills, many affecting water supply programs.

Mr. Bergelin highlighted the following bills:

- **HB 2270 (groundwater model; stormwater recharge; AMAs)**
Requires ADWR to adopt rules so that AMA groundwater models account for any natural, incidental, or artificial stormwater recharge created through new or existing infrastructure. The bill passed NREW (6-4) and will be monitored for potential delay during Crossover Week.
- **On-Farm Irrigation Efficiency Program**
 - **HB 2273 (lottery; on-farm irrigation efficiency fund)**
Appropriates \$50 million from the State Lottery Fund to the program in FYs 2026 and 2027.
 - **HB 2638 (on-farm efficiency program; continuation)**
Continues the program until 2030.
 - **SB 1448 (appropriation; on-farm irrigation efficiency fund)**
Appropriates \$10 million from the state General Fund to this program in FY 2026 and exempts the appropriation from lapsing.
- **HB 2574 (small land subdivision; requirements)**
This bill establishes a new way to split lands called “small land subdivisions”, which involves dividing a tract into 6-10 lots or parcels, each more than 2 acres. A report from the Arizona Department of Real Estate for these subdivisions would include information on water access to these lots but would not provide a water supply guarantee. Creates a new way to divide lands without requiring an Assured Water Supply determination in AMAs or disclosure of Adequate Water Supply outside of AMAs.
- **HB 2632 (regulatory costs; rulemaking; legislative ratification)**
This bill requires the Legislature to approve any proposed agency rulemaking that increases regulatory costs in Arizona by more than \$500,000 within 5 years of being implemented and allows the Legislature to eliminate any current agency rule that could cost taxpayers more than \$1 million per year. If enacted, this bill could enable the repeal of the Assured Water Supply Rules. It passed the House Regulatory Oversight Committee with a 3-2 vote yesterday.
- **SB 1304 (irrigation water; assured water supply)**
It allows ADWR to designate part of Marana’s service area if that portion is located entirely within the Cortaro-Marana Irrigation District. Marana has contracted with the district for

water service for at least 100 years. It was held in the Senate Natural Resources Committee.

- **SB 1521 (unbuilt certificates; assured water supply)**
This allows someone to sell, aggregate or transfer an unbuilt Certificate of Assured Water Supply separate from the original parcels if the recipient is within the same sub-basin of the AMA and other criteria are met: Wells must be in the same sub-basin; Certificate must be used for the purpose; If transaction involves lands in the same development, construction must begin in 10 years; If transaction involves lands in a different development, construction must begin in 5 years. If a Certificate is served by an undesignated municipal provider, it can be transferred anywhere in that provider's service area.
- **SB 1523 (water use; prohibition; landscaping)**
This bill directly impacts municipalities in the Prescott, Phoenix, Tucson, and Santa Cruz AMAs by prohibiting them from enforcing minimum landscaping requirements, including tree counts, shrub sizes, turf percentages, and open space mandates. The bill restricts cities' ability to set water-conscious landscaping standards, overlooking critical factors like shade, heat mitigation, and air quality.
- **HB 2204 (assured water supply; commingling)**
This requires ADWR to only consider proposed source, even if it is delivered through a commingled system. Intended to allow Certificates based on renewable supplies, but absence of limits on provider's groundwater pumping could enable questionable accounting of that pumping.
- **HB 2299 (assured water supply; certificate; model)**
This requires ADWR to review Certificate applications submitted from 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).
- **HB 2297 (designation; assured water supply; offset)**
It establishes ADAWS in statute and lowers the groundwater offset for bringing in renewable supplies from 25% to 5%. The 25% groundwater offset is critical to ensuring that ADAWS forces a provider to reduce its long-term groundwater pumping. Decreasing the groundwater offset to 5% would allow an ADAWS provider to pump larger volumes of groundwater for longer.
- **HCR 2039 (assured water supply; legislative intent)**
This bill expresses the Legislature's disapproval for the ADAWS rulemaking and ADWR's denial of approval of Certificate and Designation applications based on unmet demand projected in groundwater models.
- **HB 2298 (S/E: physical availability exemption credits; groundwater)**
This applies to Certificates and Designations. There are numerous problems in bill language, from an unspecified history of use for ag lands to qualify under this program to inappropriate indexing of replenishment volumes with conversion rate. The bill includes some guardrails, such as limitations on portability and requiring analysis to show that wells

can serve proposed uses for 100 years. Without ADWR analysis, it is questionable if guardrails provide necessary protection and if this proposal sufficiently benefits the aquifer.

- **HB 2413 (effluent; proportional share; recharge compensation)**
It requires municipal providers that operate wastewater systems to compensate customers for a proportionate share of effluent the provider does not recharge. This requirement jeopardizes some current effluent usage and weakens Assured Water Supply protections.
- **HB 2414 (remedial groundwater incentives; PFAS)**
This allows providers in all AMAs to pump up to 65,000 AF of remediated groundwater (including PFAS contamination) annually, making use consistent with the management goal. It also enables significantly more unreplenished pumping compared to the current approach.
- **HB 2568 (conservation requirements; industrial water use)**
This bill requires ADWR to develop conservation requirements for industrial facilities using more than 100 AF/year that are not currently regulated under the Management Plan. It only applies to AMAs with ADAWS and an ag-to-urban program. Predicating conservation requirements on the implementation of another program is problematic.
- **HB 2691 (groundwater replenishment districts; annual dues)**
This establishes a new formula for calculating Annual Membership Dues (AMD) for CAGR Member Lands based on projected groundwater use. The current calculation is based on the replenishment obligation in the plan of operation, which is slated to decrease with the 2025 Plan of Operation. The change in AMD calculation is intended to stabilize these dues both for Member Lands and Member Service Areas while providing equity between AMAs.
- Other New Legislation that was mentioned included:
 - **HB 2727** – county water authority; post-2025 authority (Biasciucci)
 - **HB 2753** – groundwater replenishment; Pinal AMA (Martinez)
 - **SB 1522** – waterlogged area; exemption area (Dunn)
 - **SB 1530** – groundwater storage facility; withdrawals; area (Petersen)
 - **SCR 1008** – municipalities counties; vote; fee increases (Petersen)
- Mr. Bergelin summarized the recommended positions for the following legislation:

SUPPORT:

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 subdivision; requirements (Griffin)

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

HB 2729 online exchange; groundwater sales (Kolodin)

SB 1260 assured water supply; agricultural water (Dunn)

SB 1521 unbuilt certificates; assured water supply (Dunn)
SB 1522 waterlogged area; exemption (Dunn)
SB 1523 water use; prohibition; landscaping (Dunn)
SB 1530 groundwater storage facility; withdrawals; area (Petersen)
SB 1611 physical availability exemption credits; groundwater (Shope)
SCR 1008 municipalities; counties; vote; fee increases (Petersen)

Mr. Hassert made the motion to recommend to the AMWUA Board of Directors to adopt the positions as presented, including a recommendation to oppose Senate Bill 1262, and it was seconded by Ms. Ford. The motion passed unanimously.

Mr. Monti then added some additional comments and stated that he testified on three bills the previous day, delivering AMWUA's opposition concisely. He mentioned needing to discuss SB 1521 and SB 1523 with Mr. Tenney and confirmed they would continue monitoring all bills. Once official recommendations are set, they will sign in as directed and testify where appropriate.

C. Member Reports

There were no member reports.

D. Executive Director's Report

Mr. Tenney provided updates on several water-related issues. He noted that the Goldwater Institute has filed a lawsuit against Arizona on behalf of the Home Builders Association of Central Arizona, challenging the Arizona Department of Water Resources (ADWR) and its handling of decisions based on the Phoenix AMA groundwater model. The lawsuit is being closely monitored, and discussions may be needed regarding potential political responses. ADWR's primary legal counsel recently addressed concerns in a podcast, reinforcing their commitment to the issue.

Shifting focus to the Colorado River, there have been no significant developments in negotiations between the Upper and Lower Basin states regarding post-2026 operational guidelines. The appointment of a new Commissioner for Reclamation is still pending, and it remains unclear how the new administration will approach Colorado River management.

Regarding water conditions, the Upper Basin snow water equivalent is at 83% of the median, and precipitation is at 87% of the average, both lower than last month's figures. Locally, Arizona has had an exceptionally dry winter, with hopes for precipitation in the Rim Country. Reservoir capacity for the Salt and Verde River systems is currently at 71%, down from 83% at this time last year.

AMWUA conducted interviews for the conservation position yesterday, and the process was positive. They are hopeful to bring one of the candidates on board soon.

E. Future Agenda Items

There were no requested future agenda items.

F. Adjournment

Mr. Beaty adjourned the meeting at 11:03 am.

AMWUA MANAGEMENT BOARD
INFORMATION SUMMARY
MARCH 12, 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

The Arizona Department of Water Resources (ADWR) presented its Ag-to-Urban program at its February 26, 2025 stakeholder meeting. The proposal provided more detail on how ADWR envisions an Ag-to-Urban program would work, which can be compared with SB 1611 and HB 2298, legislative proposals. At the February 27, 2025 AMWUA Board meeting, AMWUA staff provided an overview that compared and contrasted the ADWR and legislative proposals.

AMWUA staff will provide an update about the dual Ag-to-Urban proposals.

RECOMMENDATION

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

AMWUA MANAGEMENT BOARD

INFORMATION SUMMARY

March 12, 2025

2025 Legislative Session

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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.

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

RECOMMENDATION

Staff requests that the AMWUA Management Board provide direction on the water bills discussed at the March 12, 2025 meeting.

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 Committee of the Whole on February 26 and is awaiting further action on the House floor or transmission to the Senate.

[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 of Representatives on February 20 with a 32-26-2-0 vote. The bill now awaits Senate consideration.

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 3rd 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.

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 of Representatives with a 33-27 vote on February 26 and now awaits Senate consideration.

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 with a 17-12-1 vote on February 3rd. It now heads to the House of Representatives. It had its first and second readings in the House on February 26 and February 27, respectively, and awaits committee 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 committees and was amended on February 27th. It awaits further Senate action. There has been no House consideration yet.

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 that 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 NR Committee with a strike-everything amendment (4-3-1) and was approved by the Senate RULES Committee. On February 27, additional floor amendments were adopted, and the bill awaits further Senate action.

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 use 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 both the Natural Resources Committee and the Rules Committee and was placed on the Consent Calendar on February 17th but faced an objection. The bill received support from both Senate caucuses. It awaits further Senate action; no House consideration yet.

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 91st 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.

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 on March 4th with a 16-11-3 vote and now awaits House consideration.

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 20th after a technical amendment in the Government Committee to correct a spelling error. It was transmitted to the House on the same day and awaits further 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 to 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.

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 was transmitted to the Senate. It had its first reading on February 27 and is now in the Senate, where it passed the RAGE Committee (4-3) on March 5 and awaits further Senate action.

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 25th and 26^t, 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 awaits action in the Rules committees.

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 was introduced and read in the House but has not yet been assigned to a committee or advanced for further consideration.

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 now awaits Senate consideration.

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 was amended and passed out of the House on February 27.

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 had its first and second readings in the Senate on February 25 and 26, respectively, passed the Natural Resource Committee (6-1-1) and awaits further Senate action, and is awaiting action in the Appropriations, and Rules Committees.

[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.

[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 was withdrawn from the Natural Resources Committee and reassigned to the Government Committee, where it passed with a strike-everything amendment (4-3) on February 20. However, it was withdrawn from the former. It was later approved by the Rules Committee and both Senate caucuses. It awaits further Senate 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 5th 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 Natural Resource (6-0-2) and Appropriations (9-0-1) Committees and was approved by the Senate caucuses. It awaits further Senate action.

MANAGEMENT BOARD INFORMATION SUMMARY

December 31, 2024

AMWUA Fiscal Year 2025 Quarterly Financial Statements – Second Quarter

ANNUAL PLAN REFERENCE

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 is requesting that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of the AMWUA quarterly financial statements for the second quarter as presented.

SUGGESTED MOTION

I move that the AMWUA Management Board recommend to the AMWUA Board of Directors acceptance of 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

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

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
Funding Sources					
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
Net Revenues	1,626,610	1,605,513	21,098	1,679,470	(52,860)
Operating Expenses					
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)
Total Operating Expenses	843,740	839,485	4,255	1,701,970	(858,230)

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
Funds	\$945,993	\$0	\$21,032	\$907,025

*

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.