



**CENTRAL ARIZONA PROJECT
Public Policy Committee
March 5, 2020 - 9:00 AM**

**Central Arizona Project
23636 N. 7th Street
Phoenix, Arizona
Board Room**

Revised materials for item 2

FINAL AGENDA

Times shown are approximate. Some items may take more or less time than scheduled, or the Chair may grant requests to hear items in an order other than shown.

1. Consideration of Action to Approve the Minutes of February 6, 2020 Public Policy Committee - Cesare
2. Report on State Issues that Could Affect CAP and Possible Consideration of a Recommendation that the Board Take Action on State Issues that Could Impact CAP, Including but not Limited to HB2787, HB2880, and SB1113 (*Leadership and Public Trust: Relationships - Other Stakeholders^*) - Gray
3. Report on Federal Issues that Could Affect CAP and Possible Consideration of a Recommendation that the Board Take Action on Federal Issues that Could Impact CAP (*Leadership and Public Trust: Relationships - Other Stakeholders^*) - Gray/Ryan Smith, BrownsteinHyattFarberSchreck
4. Public Comment
5. Adjourn

^ Linkage to 2016 CAWCD Board of Directors Strategic Plan.

In accordance with the Americans with Disabilities Act (ADA), if you need reasonable accommodations due to a disability, please contact the CAP office at (623.869.2333) or TDD (623.869.2183) at least seventy-two (72) hours in advance of the meeting.



**CENTRAL ARIZONA WATER CONSERVATION DISTRICT
Public Policy Committee
February 6, 2020**

A meeting of the Public Policy Committee ("Committee") of the Central Arizona Water Conservation District's ("CAP" or "CAWCD") Board of Directors was called to order by Chair Karen Cesare on 2/6/2020 at 9:05 a.m. The meeting was held at the Central Arizona Project, 23636 North Seventh Street, Phoenix, Arizona, in the Board Room.

Committee Members present were: Chair Karen Cesare, Pima County; Jennifer Brown, Maricopa County; Benjamin W. Graff, Maricopa County; and Jim Hartdegen, Pinal County.

Committee Members not present were: Heather Macre, Maricopa County.

Staff members present were: Ted Cooke, General Manager; Jay Johnson, General Counsel; Bridget Schwartz-Manock, Director, Public Affairs; Jeff Gray, Legislative Affairs Manager; Jessica Newland, Legislative Affairs Analyst; Megan Casey, Public Affairs Management Analyst; Jenn Miller, Board Support Specialist; and Michelle Oldfield, Public Affairs Specialist.

1. CONSIDERATION OF ACTION TO APPROVE THE MINUTES OF JANUARY 9, 2020 PUBLIC POLICY COMMITTEE - CESARE

On a motion (Board Member Brown) and a second (Board Member Hartdegen), approved the minutes of the January 9, 2020 Committee meeting. Motion passed.

Voting yes: Karen Cesare, Jennifer Brown, Benjamin W. Graff, Jim Hartdegen

2. REPORT ON STATE ISSUES THAT COULD AFFECT CAP AND POSSIBLE CONSIDERATION OF A RECOMMENDATION THAT THE BOARD TAKE ACTION ON STATE ISSUES THAT COULD IMPACT CAP, INCLUDING BUT NOT LIMITED TO HB2101, HB2617/SB1145, HB2618/SB1494, HB2677, HCM2004, AND HR2003 - GRAY

Jeff Gray, Legislative Affairs Manager, gave the Committee an overview of the Governor's State of the State address, upcoming legislative deadlines, and the Governor's budget funding proposals. Mr. Gray also informed the Committee about CAP's annual presentation to the House Natural Resources, Energy and Water Committee.

Mr. Gray reported on the following bills for Board position consideration:

HB2101 (appropriation; Arizona water protection fund): This bill appropriates \$1,000,000 to the Arizona Water Protection Fund.

SB1301 (water banking; storage credits; subcontractors): This bill language was proposed by AMWUA relating to the direct transfer of Arizona Water Banking Authority long-term storage credits to CAWCD M&I Subcontractors. Mr. Gray went over the technical changes to the bill. No

issues were raised from the Committee about the changes to the bill. This bill was previously voted on and a position of support was approved by the Board at the January Board meeting.

HB2618/SB1494 (department of water resources; continuation): This bill continues the Arizona Department of Water Resources for 8 years, until July 1, 2028.

HCM2004 (Yuma desalting plant; continued operation): This concurrent memorial urges the Secretary of the U.S. Department of the Interior to take all necessary measures to operate the Yuma Desalting Plant (YDP).

Board Member Hartdegen expressed concerns with the operation of YDP.

HM2003 (Arizona water professionals; appreciation week): This memorial designates April 12-18, 2020 as Arizona Water Professionals Appreciation Week and extends sincere gratitude and appreciation to the water professionals who are on the front line of delivering Arizona's safe and reliable water.

HB2617/SB1145 (temporary irrigation efficiency projects fund): This bill modifies the requirements for an irrigation district to qualify for funding from the Temporary Groundwater and Irrigation Efficiency Projects Fund so that the stipulation that "*the district did not deliver surface water other than CAP water in calendar year 2017*" applies only to irrigation districts located in the Phoenix Active Management Area. Mr. Gray noted the intent is to ensure that San Carlos Irrigation and Drainage District is eligible to receive funds under the Fund, since they deliver surface water other than CAP water.

HB2677 (groundwater replenishment reserves): This bill modifies how the CAGRDR replenishment reserve targets are calculated for Active Management Areas within the CAWCD service area by conforming to how it was calculated in the 2015 CAGRDR Plan of Operation.

On a motion (Board Member Brown) and a second (Board Member Hartdegen), recommended that the Board adopt a position on the following pending state legislation of interest to CAP: HB2101 (SUPPORT), HB2617/SB1145 (SUPPORT), HB2618/SB1494 (SUPPORT), HB2677 (SUPPORT), HR2003 (SUPPORT). Motion passed.

Voting yes: Karen Cesare, Jennifer Brown, Benjamin W. Graff, Jim Hartdegen

On a motion (Board Member Brown) and a second (Board Member Graff), recommended that the Board adopt a position on the following pending state legislation of interest to CAP: HCM2004 (SUPPORT). Motion passed.

Voting yes: Karen Cesare, Jennifer Brown, Benjamin W. Graff

Voting no: Jim Hartdegen

Mr. Gray provided updates on the following bills that CAP has not taken a formal position on. Many of these bills are pending committee assignment.

- HB2076 (appropriation; DWR; additional staff)

- HB2158/SB1405 (water; well metering; nonexempt wells)
- HB2159/SB1385 (water adequacy requirements; statewide applicability)
- HB2160 (adjudication amendments; intent section repeal)
- HB2161 (irrigation non-expansion areas; water supplies)
- HB2174 (exempt wells; capacity)
- HB2226 (water measuring devices; report)
- HB2286 (appropriation; wastewater treatment infrastructure)
- HB2309 (groundwater; waterlogged area exemption; date)
- HB2447 (gaming compacts; water claims; prohibition)
- HB2620 (ombudsman; assistance; surface water adjudications)
- HB2671 (water supply development fund; appropriation)
- HB2672 (water rights)
- HB2674 (water; substitute acreage)
- HB2675 (water conservation notice; no abandonment)
- SCM1002/HCM2007 (Navajo generating station; PROMISE Act)

3. **REPORT ON FEDERAL ISSUES THAT COULD AFFECT CAP AND POSSIBLE CONSIDERATION OF A RECOMMENDATION THAT THE BOARD TAKE ACTION ON FEDERAL ISSUES THAT COULD IMPACT CAP - GRAY**

Mr. Gray provided an update on annual requests for federal funding to be provided by CAP staff.

Mr. Gray updated the Committee on the progress of H.R.4891/S.2718 Western Water Security Act of 2019. The bill received a hearing, but no formal recommendation is being requested at this time.

Mr. Gray then provided an update on a Furthering Underutilized Technologies and Unleashing Responsible Expenditures (FUTURE) for Drought Resiliency Act Discussion Draft. They are seeking public comment and feedback at this time. This draft is still under CAP staff review. Director Graff asked what potential impacts this draft may have on CAP operations. Mr. Gray responded that there is language related to infrastructure development, surface and groundwater storage projects, desalination, water smart extension and expansion. Staff is currently reviewing the language to identify potential impacts to CAP.

Mr. Gray also provided updates on federal rulemaking changes related to Waters of the United States (WOTUS) and National Environmental Policy Act (NEPA).

Mr. Gray updated the Committee on the following bills that may impact CAP operations:

- S.1932 (Drought Resiliency and Water Supply Infrastructure Act): There is no change in status
- H.R.2459/S.1277 (Hualapai Tribe Water Rights Settlement Act): There is no change in status

Director Cesare mentioned that CAP staff will be providing the Board with a weekly legislative update report each week while the legislature is in session.

4. **PUBLIC COMMENT**

None.

5. **ADJOURN**

There being no further business to come before the Committee, the meeting adjourned at 9:50 a.m.

Karen Cesare
Chair

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 2

CONTACT: Bridget Schwartz-Manock Jeff Gray
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bschwartzmanock@cap-az.com jgray@cap-az.com

MEETING DATE: Thursday, March 5, 2020

AGENDA ITEM: Report on State Issues that Could Affect CAP and Possible Consideration of a Recommendation that the Board Take Action on State Issues that Could Impact CAP, Including but not Limited to HB2787, HB2880, and SB1113 (*Leadership and Public Trust: Relationships - Other Stakeholders^*) - Gray

RECOMMENDATION: See attached documents and proposed staff recommendations.

FISCAL IMPLICATIONS: No

Impact on Budget:

None

Additional spending authority requested: None

Impact on Reserves:

None

Impact on Rates:

None

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2016 Board Strategic Plan

- Leadership & Public Trust: Relationships – Improve Relationships with Customers and Stakeholders
- Leadership & Public Trust: CAP Board Leadership – Equip Board Members to Effectively Represent CAP and its Position
- Water Supply: Optimize Reliability and Sustainability of CAP Water Supply

PREVIOUS BOARD ACTION/ACTIVITY:

November 7, 2019 Public Policy Committee previewed and discussed the draft proposed 2020 State Legislative Agenda

December 5, 2019 Board adopted 2020 State Legislative Agenda

February 20, 2020 CAGR and Underground Storage Committee discussed HB2787 and HB2880

ISSUE SUMMARY/DESCRIPTION:

This report describes CAP's state legislative agenda and provides an update on those issues. In addition, this update reports on and requests guidance on bills being considered by the State Legislature.

See attached documents and issue descriptions.

SUGGESTED MOTION:

I move that the Public Policy Committee recommend that the Board adopt a position on the following pending state legislation of interest to CAP: (staff recommendations in parentheses)

- HB2787 (MONITOR)
- HB2880 (MONITOR)
- SB1113 (SUPPORT)

ATTACHMENTS:

1. State PowerPoint March REVISED
2. State Update March REVISED
3. HB2787 House Engrossed
4. HB2880 House Engrossed
5. HCM2004
6. HCM2009
7. HCR2027
8. SB1113



State Legislative Update

Public Policy Committee
March 5, 2020

Jeff Gray
Legislative Affairs Manager

State Update

- 1,581 bills and 126 memorials/resolutions introduced by deadline.
- The last day for bills to be heard in committee in their house of origin was February 21, except for bills that have also been assigned to the Appropriations committees, which get one additional week.
- House and Senate are processing bills through Committee of the Whole (COW) and 3rd Read.
- Committee hearings for bills in opposite houses may begin as soon as March 2, and the last day for bills to be heard in committee is March 27.



State Update

Senate Water & Agriculture (WAG) Committee Presentation

On Thursday, February 13, Board Members Karen Cesare and Sharon Megdal, along with General Manager Ted Cooke, provided a presentation to the Senate Water & Agriculture, chaired by Senator Sine Kerr. The presentation focused on DCP implementation, next steps, and the CAGR Mid-Plan Review.



CAP Authorities and Operations

SB1113 mortgaged property; tax statements; information (Sen. Leach)

- County assessors determine on an annual basis the Full Cash Value and the Limited Property Value and are required to mail a notice of valuation to all property owners. Once government entities that assess a property tax, such as CAWCD, set their tax rates, county treasurers are responsible for collecting applicable taxes.
- Prior to 2019, if a mortgage company pays the tax bill on behalf of the property owner, the county treasurer was only required to mail the tax statement to the owner upon request. Laws 2019, Chapter 167 (S.B. 1033) changed that provision and *required* the statement to be sent to the property owner, rather than upon request.
- S.B. 1113 requires tax statements to separately list the amount of primary and secondary taxes that is due to each taxing jurisdiction.
- Status: Passed out of the Senate 30-0. On House Ways & Means Agenda for March 4th.

CAP Interim Position: SUPPORT.



Central Arizona Groundwater Replenishment District (CAGR)

HB2787 water; augmentation authority; special districts (Rep. Shope)

- Allows domestic water improvement districts to conduct water supply development activities, and to use WIFA monies to do so. Requires that at least \$200,000 be allocated to Pinal County Water Augmentation Authority annually.
 - As introduced, the bill would have allowed a county water augmentation authority to charge a voluntary assessment on “contract lands” within its AMA allowing the costs to acquire water supply to be paid in annual assessments against the developed land. These provisions were removed in a House COW amendment.
- Passed House COW and House 3rd Read (58-2) on February 27th.

CAP Recommended Position: MONITOR.



Central Arizona Groundwater Replenishment District (CAGR)

HB2880 assured water supply; availability; plats (Rep. Roberts)

- Outlines changes relating to the physical availability of groundwater when renewing or modifying a Designation of Assured Water Supply in the Pinal Active Management Area (AMA).
- Prohibits the ADWR Director, in the Pinal AMA, from considering any change in the number of lots when determining if changes to a plat are material under the Assured Water Supply (AWS) rules (*as introduced, this provision applied to all AMAs, but was limited to Pinal County by an amendment in House COW*).
- Includes a legislative intent clause stating that by limiting this act to the Pinal AMA, the Legislature does not intend to affect the authority of the ADWR Director to revise AWS rules to apply changes made by this act to other AMAs (*this provision was added in House COW*).
- Passed House COW and House 3rd Read (32-28) on February 27th.

CAP Recommended Position: MONITOR.



Central Arizona Groundwater Replenishment District (CAGR)

HB2677 groundwater replenishment reserves (Rep. Griffin)

- Modifies how the CAGR replenishment reserve targets are calculated for Active Management Areas within the CAWCD service area by conforming to how it was calculated in the 2015 CAGR Plan of Operation.
- Amended in Committee to include a technical fix.
- Passed out of the House 60-0.
- On the Senate Water & Agriculture Committee agenda for March 5th.

CAP Position: SUPPORT w/ amendment.



Funding of State Water Agencies and Commissions

HB2101 appropriation; Arizona water protection fund (Rep. Griffin)

- Appropriates \$1,000,000 to the Arizona Water Protection Fund.
- Passed out of the House 58-0-2.
- On the Senate Appropriations Committee agenda for March 3rd.

CAP Position: SUPPORT.



Colorado River Water Supply

HB2617/SB1145 temporary irrigation efficiency projects fund (Rep. Griffin/Sen. Kerr)

- Modifies the requirements for an irrigation district to qualify for funding from the Temporary Groundwater and Irrigation Efficiency Projects Fund to ensure that San Carlos Irrigation and Drainage District (SCIDD) is eligible to receive funds under the program, since they deliver surface water other than CAP water.
- The bills were amended to become effective immediately upon the Governor's signature.
- HB2617 was swapped with SB1145 on 3rd Read, and passed the Senate 28-1 and the House 50-8.
- Signed by the Governor on February 18th.

CAP Position: SUPPORT.



Arizona Water Resources

HB2618/S.B.1494 department of water resources; continuation (Rep. Griffin/Sen. Kerr)

- HB2618 passed out of the House 60-0. On Senate Water & Agriculture Agenda for March 5th.
- SB1494 passed out of the Senate 30-0. Not yet assigned to a House committee.
- The bills were not swapped in either chamber, so one of the versions will have to go through the committee process again in the opposite chamber.

CAP Position: SUPPORT.

SB1301 water banking; storage credits; subcontractors (Sen. Pratt)

- Allows for the direct transfer of Arizona Water Banking Authority (AWBA) long-term storage credits to M&I subcontractors for them to perform independent recovery during times of Colorado River shortage when the AWBA is to firm M&I users.
- Passed out of the Senate 30-0. Not yet assigned to a House committee.

CAP Position: SUPPORT



Arizona Water Resources

HCM2004 Yuma desalting plant; continued operation (Rep. Griffin)

- ***Original:*** Urges the Secretary of the U.S. Department of the Interior to take all necessary measures to operate the Yuma Desalting Plant.
- ***COW Amendment:*** Urges the Secretary of the U.S. Department of the Interior to fulfill its obligations to provide for Colorado River water augmentation and conservation through the operation of the Yuma Desalting Plant, if feasible, or a suitable alternative.
- Passed COW with amendment and passed out of the House 55-5. On Senate Water & Agriculture Agenda for March 5th.

CAP Position: MONITOR.

HR2003 Arizona water professionals; appreciation week (Rep. Gabaldon)

- Designates April 12-18, 2020 as Arizona Water Professionals Appreciation Week and extends sincere gratitude and appreciation to the water professionals who are on the front line of delivering Arizona's safe and reliable water.

CAP Position: SUPPORT.



Arizona Water Resources

HCM2009 floodwater harvesting; study; urging congress (Rep. Dunn)

- Urges Congress to fund a technological and feasibility study of the development of a diversion dam and pipeline to harvest floodwater from the Mississippi River to replenish the Colorado River and prevent flood damage along the Missouri and Mississippi rivers.
- Status: Went through Caucus on February 26th.

HCR2027 S/E: support; water management policies (Rep. Griffin)

- Resolves that the Members of the Legislature continue the tradition of leadership and support for appropriate water management practices and policies and declares the Legislature's support of reasonable and prudent multiple-use forest management policies.
- Status: Went through Caucus on February 26th.



Other Bills

HB2286 appropriation; wastewater treatment infrastructure

- Status: Passed House Caucus on 2/18

HB2309 groundwater; waterlogged area exemption; date

- Status: Passed House 3rd Read on 2/6; On 3/5 Senate WAG Agenda

HB2595 S/E:water rights; general adjudications; funding

- Status: Passed House Caucus on 2/24

HB2620 S/E:law clinic; stream adjudications; appropriation

- Status: Passed House 3rd Read on 2/25; Assigned to Senate APPROP

HB2672 water rights

- Status: Passed House 3rd Read on 2/27

HB2674 water; substitute acreage

- Status: Passed House 3rd Read on 2/27

HB2675 water conservation notice; no abandonment

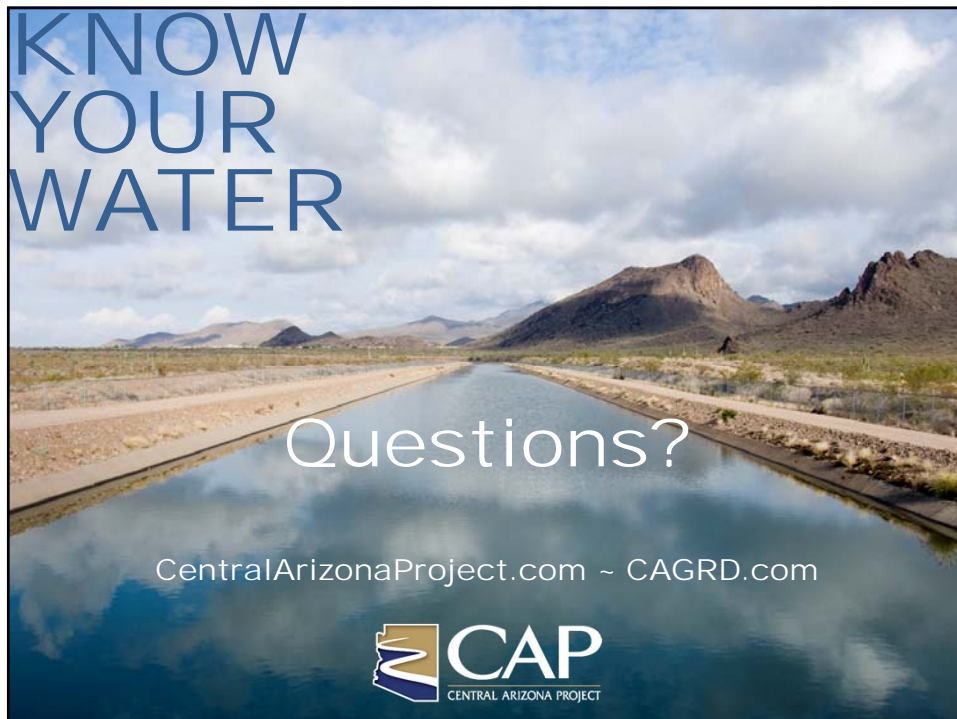
- Status: Passed House 3rd Read on 2/24; On 3/5 Senate WAG Agenda

HB2818 adjudication; subflow wells; claim; priority

- Status: Failed House 3rd Read on 2/27; Motion to reconsider within 14 days passed

HB2895/SB1635 subsequent irrigation non-expansion areas; procedures

- Status: Information only hearing in House APPROP on 2/24 & Senate WAG on 2/20





March 3, 2020

State Update

February 25 marks the 44th day of the legislative session. There were a total of 1,581 bills and 126 memorials/resolutions introduced by the respective deadlines in each house (this number will rise slightly once budget bills are introduced later in session). To date, the Governor has signed 3 bills and has not vetoed any.

The last day for bills to be heard in committee in their house of origin was February 21, except for bills that have been assigned to the Appropriations committees, which get one additional week. As is custom, non-Appropriations committee hearings are cancelled the week after committee hearing deadlines (“cross-over” week) to allow the House and Senate to process bills through Caucus, Committee of the Whole (COW), and 3rd Read. This usually results in long floor sessions given the large volume of bills. Committee hearings for bills in opposite houses will resume as soon as March 2. The last day for bills to be heard in committee is March 27.

The following State Legislative Issues Update outlines the status of the Board-approved 2020 Legislative Agenda, as well as other relevant state issues. Legislative Affairs staff comes before the Public Policy Committee on a regular basis to seek guidance and direction on these and other proposed legislation and rules that may arise during the year.

Central Arizona Project Authorities and Operations

CAP Position: Monitor legislative and regulatory efforts that could impact CAP’s contractual authorities or directly impact CAP water supplies and operations.

- **S.B. 1113 mortgaged property; tax statements; information** would require property tax statements to separately list the amount of primary and secondary taxes that is due to each taxing jurisdiction. County assessors determine on an annual basis the Full Cash Value and the Limited Property Value and are required to mail a notice of valuation to all property owners. Once government entities that assess a property tax, such as CAWCD, set their tax rates, county treasurers are responsible for collecting applicable taxes. Prior to 2019, if a mortgage company pays the tax bill on behalf of the property owner, the county treasurer was only required to mail the tax statement to the owner upon request. Laws 2019, Chapter 167 (S.B. 1033) changed that provision and *required* the statement to be sent to the property owner, rather than upon request. After the new law went into effect, one county sent notices with a condensed version of the tax bill (i.e. a lump sum of the total amount due) rather than amounts owed to each taxing jurisdiction. S.B. 1113 would require that these tax statements list the amount due to each jurisdiction.

The bill passed out of the Senate 30-0 on January 30. It is on the House Ways and Means Committee agenda for March 4.

CAP Interim Position: SUPPORT.



Colorado River Water Supply

CAP Position: Continue to support the implementation of the Lower Basin Drought Contingency Plan (DCP), including implementation of the Arizona DCP Plan.

Continue to cooperate with Federal, State, Tribal and other stakeholders to support conservation efforts that protect water elevations in Lake Mead.

- **H.B. 2617/S.B. 1145 temporary irrigation efficiency projects fund** modifies the requirements for an irrigation district to qualify for funding from the Temporary Groundwater and Irrigation Efficiency Projects Fund so that the stipulation that “*the district did not deliver surface water other than CAP water in calendar year 2017*” applies only to irrigation districts located in the Phoenix Active Management Area.

The intent is to ensure that San Carlos Irrigation and Drainage District (SCIDD) is eligible to receive funds from the Temporary Groundwater and Irrigation Efficiency Projects Fund, since they deliver surface water other than CAP.

The bills were amended to become effective immediately upon the Governor’s signature. H.B. 2617 was swapped with S.B. 1145 on 3rd Read, and passed the Senate 28-1-1 and the House 50-8-1-1. The bill was signed by the Governor on February 18th.

CAP Position: SUPPORT.

Arizona Water Resources

CAP Position: Continue to collaborate with elected officials and stakeholders on efforts to address in-state and interstate water resources issues.

Monitor legislative efforts that encourage in-state water conservation and augmentation activities.

- **S.B. 1301 water banking; storage credits; subcontractors** would allow for the direct transfer of Arizona Water Banking Authority (AWBA) long-term storage credits to M&I subcontractors for them to perform independent recovery during times of Colorado River shortage when the AWBA is to firm M&I users.

S.B. 1301 passed out of the Senate 30-0 on February 13. The bill has not yet been assigned to a committee in the House.

CAP Position: SUPPORT.

- **H.B. 2618/S.B. 1494 department of water resources; continuation** would continue the Arizona Department of Water Resources for 8 years, until July 1, 2028.

The House and Senate Committees of Reference held Sunset hearings on January 14 and January 16, respectively, and recommended ADWR be continued for 8 years. CAP supported the continuation of ADWR at these hearings.

STATE LEGISLATIVE ISSUES UPDATE



H.B. 2618 passed out of the House 60-0, and S.B. 1494 passed out of the Senate 30-0. The identical bills were not swapped in either chamber, so one of the versions will have to go through the committee process again in the opposite chamber. H.B. 2618 is on the Senate Water & Agriculture Committee agenda for March 5.

CAP Position: SUPPORT.

- **H.C.M. 2004 Yuma desalting plant; continued operation** as originally introduced would urge the Secretary of the U.S. Department of the Interior to take all necessary measures to operate the Yuma Desalting Plant (YDP).

H.C.M. 2004 passed COW on February 25. An amendment was adopted to the memorial to broaden the request to the U.S. Department of Interior to take all necessary measures to *“fulfill its obligations to provide for Colorado River water augmentation and conservation through the operation of the Yuma Desalting Plant, if feasible, or a suitable alternative,”* rather than just taking necessary measures to operate YDP.

The memorial passed out of the House 55-5 on February 25. It is on the Senate Water & Agriculture Committee agenda for March 5.

CAP Position: MONITOR.

- **H.C.M. 2009 floodwater harvesting; study; urging congress** would urge Congress to fund a technological and feasibility study of the development of a diversion dam and pipeline to harvest floodwater from the Mississippi River to replenish the Colorado River and prevent flood damage along the Missouri and Mississippi rivers. The memorial further urges Congress to implement the diversion dam and pipeline, if shown to be feasible, as *“a partial solution to the water supply shortage in Lake Powell and Lake Mead and the flood damage that occurs along the Missouri and Mississippi rivers.”*

Status: Went through Caucus on February 26.

- **H.C.R. 2027 S/E: support; water management policies** would resolve that the Members of the Legislature continue the tradition of leadership and support for appropriate water management practices and policies and declares the Legislature's support of reasonable and prudent multiple-use forest management policies.

Status: Went through Caucus on February 26.

- **H.R. 2003 Arizona water professionals; appreciation week** would designate April 12-18, 2020 as Arizona Water Professionals Appreciation Week and extend sincere gratitude and appreciation to the water professionals who are on the front line of delivering Arizona's safe and reliable water.

The resolution is being read on the House Floor by Representative Gabaldon on April 13.

CAP Position: SUPPORT.

STATE LEGISLATIVE ISSUES UPDATE



Multi-Species Conservation Program (MSCP) Funding

CAP Position: Support the Arizona Game and Fish Department's efforts to collect and maintain revenues sufficient to continue its annual contribution toward the costs of the MSCP.

Monitor legislative and executive proposals that impact dedicated annual state funding of the MSCP.

No update to report at this time.

Funding of State Water Agencies and Commissions

CAP Position: Support the efforts of the Arizona Department of Water Resources and the Arizona Water Protection Fund Commission to secure sufficient state General Fund appropriations in order to carry out statutory functions.

Monitor legislative actions that propose to use funds available to the Arizona Water Banking Authority Commission for other purposes.

- **H.B. 2101 appropriation; Arizona water protection fund** would appropriate \$1,000,000 to the Arizona Water Protection Fund.

H.B. 2101 passed out of the House 58-0-2 on February 13. The bill is on the Senate Appropriations Committee agenda for March 3.

CAP Position: SUPPORT.

Central Arizona Groundwater Replenishment District (CAGRD)

CAP Position: Monitor any proposed CAGRD-related legislation to ensure its operations are not adversely impacted.

Increase awareness of CAGRD's statutory functions, operations, and funding to inform lawmakers of its contribution to Arizona's water management and economic development.

- **H.B. 2677 groundwater replenishment reserves** would modify how the CAGRD replenishment reserve targets are calculated for Active Management Areas within the CAWCD service area by conforming to how it was calculated in the 2015 CAGRD Plan of Operation.

H.B. 2677 was amended in the House NREW Committee to include a technical fix. The bill passed out of the House 60-0 on February 20. It is on the Senate Water & Agriculture Committee agenda for March 5.

CAP Position: SUPPORT w/ amendment.

- **H.B. 2787 water; augmentation authority; special districts** allows domestic water improvement districts (DWID) to conduct water supply development activities, and to use WIFA monies to do so. It also provides minimum funding for the Pinal County Water Augmentation Authority (PCWAA). Currently, PCWAA is eligible to receive up to \$200,000

STATE LEGISLATIVE ISSUES UPDATE



per year from ADWR from a portion of the conservation and augmentation assistance monies from the \$3 per acre-foot pump tax. H.B. 2787 would require that at least \$200,000 be allocated to PCWAA annually. This funding is intended to provide a resource for PCWAA to participate in augmentation activities in the Pinal AMA.

As originally introduced, the bill also contained provisions allowing a county water augmentation authority to charge a voluntary assessment on “contract lands” within its AMA, allowing the costs to acquire water supplies to be paid in annual assessments against the developed land. These provisions were removed in an amendment on the floor.

H.B. 2787 passed House COW and 3rd Read (58-2) on February 27.

CAP Recommended Position: MONITOR.

- **H.B. 2880 assured water supply; availability; plats** would, in the Pinal AMA when modifying or renewing a Designation of Assured Water Supply, prohibit the ADWR Director from reviewing the physical availability of groundwater that was determined to be physically available under the previous Designation if the application is not seeking an increase in the total groundwater demand. Additionally, the bill outlines circumstances in which water is considered to be physically available for purposes of a Designation.

The bill prohibits the ADWR Director, in the Pinal AMA, from considering any change in the number of lots when determining if changes to a plat are material under the Assured Water Supply (AWS) rules (*as introduced, this provision applied to all AMAs, but was limited to Pinal County by an amendment in House COW*).

Additionally, the bill includes a legislative intent clause stating that by limiting this act to the Pinal AMA, the Legislature does not intend to affect the authority of the ADWR Director to revise AWS rules to apply changes made by this act to other AMAs (*this provision was added in House COW*).

H.B. 2880 passed House COW and 3rd Read (32-28) on February 27.

CAP Recommended Position: MONITOR.

Agency Rulemaking

CAP Position: Continue to monitor state rulemaking and implementation related to energy, air quality, water quality and other issues that may affect CAP operations.

No update to report at this time.

If you have any questions or would like more information regarding any of the issues contained in this report, please contact CAP Legislative Affairs at 623-869-2425.

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE BILL 2787

AN ACT

AMENDING SECTIONS 45-1972, 48-901, 48-909, 48-909.01, 48-1014 AND 48-1019,
ARIZONA REVISED STATUTES; RELATING TO WATER SUPPLY DEVELOPMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 45-1972, Arizona Revised Statutes, is amended to
3 read:

4 45-1972. Groundwater augmentation and conservation assistance
5 fee; transfer to authority

6 A. Within sixty days after the authority is formed, the department
7 shall transfer to the secretary-treasurer of the authority one-half of all
8 unencumbered monies and the accrued interest on those monies that were
9 collected in the active management area in which the authority is located
10 during the prior year pursuant to section 45-611, subsection C,
11 paragraph 2.

12 B. Each year the director shall transfer an amount of not ~~more~~ LESS
13 than ~~two hundred thousand dollars~~ \$200,000 to the secretary-treasurer of
14 the authority from the monies collected in that year in the active
15 management area in which the authority is located pursuant to section
16 45-611, subsection C, paragraphs 2 and 3. The director shall specify the
17 amount from each funding source to be transferred.

18 C. The secretary-treasurer shall deposit the transferred monies in
19 the general fund of the authority, and the authority may spend the monies
20 to carry out the purposes of this chapter.

21 Sec. 2. Section 48-901, Arizona Revised Statutes, is amended to
22 read:

23 48-901. Definitions

24 In this article, unless the context otherwise requires:

25 1. "Assessment" or "assessment roll" means a special assessment
26 made under this article.

27 2. "Block" means a parcel of ground, regular or irregular, bounded
28 by streets or by streets and district boundary lines.

29 3. "Chairman of the board" means the person designated to preside
30 over meetings of the board of directors.

31 4. "Clerk" or "district clerk" means the clerk of the board of
32 supervisors, who shall be the clerk under this article and in whose office
33 shall be filed all papers directed or required to be filed with the clerk.

34 5. "Commercial farming" means the intensive cultivation of arable
35 land by the raising of agricultural or horticultural products as a
36 principal source of the owner's livelihood.

37 6. "Commercial stock raising" means the breeding, raising and care
38 of domestic animals as a principal source of the owner's livelihood.

39 7. "Contractor" includes personal representatives or assignee of
40 the contractor.

41 8. "Delinquency" means delinquency in the payment of an assessment.

42 9. "Engineer" or "district engineer" means a person designated or
43 employed by the board of directors of a district to perform any or all of
44 the engineering work authorized to be done by the district under this
45 article.

- 1 10. "Improvement bond" means a bond issued under this article.
- 2 11. "Lighting plants" includes electric light plants, electric
3 power plants, gas plants, distribution systems, poles, parts, pipes,
4 conduits, wires, tanks, reservoirs, generators for gas or electricity,
5 transmission lines, towers, lamps, transformers of every character,
6 machinery, apparatus, equipment and all appliances and structures
7 necessary or incidental to the construction, installation or operation of
8 a complete electric light, power and gas plant and distribution system
9 placed on the streets improved, though extended beyond.
- 10 12. "Lot" includes any portion, piece, parcel or subdivision of
11 land, but not property owned or controlled by any person as a railroad
12 right of way.
- 13 13. "Owner" means the person in whom legal title appears by
14 recorded deed, or the person in possession under claim or title, or the
15 person exercising acts of ownership for himself or as the personal
16 representative of the owner, including the boards of trustees of school
17 districts and the boards of education of high school districts owning
18 property within the proposed improvement district.
- 19 14. "Sewers" includes wastewater treatment facilities, tunnels,
20 excavations, ditches, drains, conduits, channels, outlets, outfalls,
21 cesspools, manholes, catch basins, flush tanks, septic tanks, connecting
22 sewers of every character, machinery, apparatus, equipment and all
23 appliances and structures necessary or incidental to the construction,
24 installation or operation of a complete sewer system for either sanitary
25 or drainage purposes.
- 26 15. "Street" includes avenues, alleys, highways, lanes, crossings,
27 intersections, courts, places and grounds opened or dedicated to public
28 use and public ways.
- 29 16. "Street superintendent" or "superintendent" means a county
30 employee designated by the board of supervisors to perform the duties of
31 street superintendent for all the districts organized under this article
32 in any county.
- 33 17. "Time of delinquency" means the time when assessments become
34 delinquent.
- 35 18. "Treasurer" or "district treasurer" means the treasurer of the
36 county in which a district is situated, who shall be the treasurer of the
37 district.
- 38 19. "Unincorporated area" means any portion of a county not within
39 the limits of an incorporated city or town, so situated that any of the
40 improvements provided for in this article might reasonably or properly be
41 made or constructed for the benefit of the inhabitants of the area under
42 existing special assessment statutes if the area were situated within an
43 incorporated city or town.
- 44 20. "Wastewater systems" means sewers and other wastewater
45 treatment facilities.

1 21. "WATER ASSETS" MEANS WATER AND WATER RIGHTS, INCLUDING
2 GROUNDWATER, SURFACE WATER, TREATED WASTEWATER, CENTRAL ARIZONA PROJECT
3 WATER, COLORADO RIVER WATER, STORED WATER AS DEFINED IN SECTION 45-802.01,
4 LONG-TERM STORAGE CREDITS AS DEFINED IN SECTION 45-802.01, GRANDFATHERED
5 RIGHTS AS DEFINED IN SECTION 45-402, GRANDFATHERED RIGHT EXTINGUISHMENT
6 CREDITS, GROUNDWATER WITHDRAWAL PERMITS AND EXCHANGED WATER.

7 ~~21.~~ 22. "Waterworks" means works for the storage or development of
8 water for domestic uses, including drinking water treatment facilities,
9 wells, pumping machinery, power plants, pipelines and all equipment
10 necessary for those purposes.

11 ~~22.~~ 23. "Work" or "improvement" includes any of the improvements
12 mentioned and authorized to be made in this article, INCLUDING WATER
13 ASSETS, the ACQUISITION, CREATION, construction, reconstruction and repair
14 of all or any portion of any such improvement, and labor, services,
15 expenses and material necessary or incidental thereto.

16 Sec. 3. Section 48-909, Arizona Revised Statutes, is amended to
17 read:

18 48-909. Purposes for which public improvements may be
19 undertaken; powers incidental to public
20 improvements

21 A. When the public interest or convenience requires, the board of
22 directors of an improvement district may order:

23 1. The whole or any portion, either in length or width, of one or
24 more of the streets of the district graded or regraded, paved or repaved,
25 landscaped or otherwise maintained, improved or reimproved.

26 2. The acquisition, construction, reconstruction or repair of any
27 street, tunnel, subway, viaduct or conduit in, on, under or over which the
28 district may have an easement or right-of-way therefor.

29 3. The construction or reconstruction of sidewalks, crosswalks,
30 curbs, gutters, culverts, bridges, tunnels, siphons, manholes, steps,
31 parkings and parkways.

32 4. The placement, replacement or repair of pipes, hydrants and
33 appliances for fire protection.

34 5. The acquisition, construction, reconstruction, maintenance or
35 repair of wastewater treatment facilities, sewers, ditches, drains,
36 conduits, pipelines and channels for sanitary and drainage purposes, with
37 outlets, cesspools, manholes, catch basins, flush tanks, septic tanks,
38 connecting sewers, ditches, drains, conduits, channels and other
39 appurtenances in, under, over or through any street or any land of the
40 district or any right-of-way granted or obtained for such a purpose,
41 either within or without the district limits.

42 6. The acquisition, construction, reconstruction, maintenance or
43 repair of waterworks, including drinking water treatment facilities, for
44 the delivery of water for domestic purposes, and of wells, ditches,
45 canals, channels, conduits, pipelines and siphons, together with the

1 necessary or usual appurtenances for carrying storm water or water from
2 irrigation ditches, watercourses, streams or springs into, through or out
3 of the district in, under, over or through any street, or any land of the
4 district or any right-of-way granted or obtained for such a purpose,
5 either within or without the district limits. This section does not
6 prohibit the board of directors of an improvement district from purchasing
7 an existing domestic water delivery system within the district or outside
8 the district or constructing an initial or improving an existing domestic
9 water delivery system inside or outside the district.

10 7. The construction, reconstruction or repair of breakwater levees
11 or walls, riverbank protection or replacement of riverbanks and supporting
12 land. A district established for this purpose shall cooperate and
13 coordinate its plans and activities with the county flood control district
14 established in the county and any incorporated city or town in which the
15 district is established.

16 8. The acquisition, construction, reconstruction or repair of
17 lighting plants and poles, wire conduits, lamps, standards and other
18 appliances for the purpose of lighting and beautifying streets or other
19 public lands.

20 9. The construction, reconstruction or repair of any work
21 incidental to or connected with any improvement.

22 10. The acquisition, in the name of the district, by gift, purchase
23 or otherwise and the maintenance, repair, improvement or disposal of any
24 real or personal property necessary or convenient for district operation
25 for a community center, park or recreational area.

26 11. Pursuant to section 48-902, the board of directors of an
27 improvement district may contract for or in any other manner provide
28 transportation services within the district.

29 12. THE ACQUISITION, CREATION, MAINTENANCE OR PLEDGE OF WATER
30 ASSETS FOR THE PURPOSE OF MUNICIPAL, INDUSTRIAL, COMMERCIAL OR DOMESTIC
31 DEVELOPMENT.

32 B. In addition to the powers specifically granted by or reasonably
33 inferred from this article, an improvement district through its board of
34 directors may:

35 1. Acquire by gift, purchase, condemnation or otherwise in the name
36 of the district and own, control, manage and dispose of any real or
37 personal property or interest in the property necessary or convenient for
38 the construction, operation and maintenance of any of the improvements
39 provided for by this article.

40 2. Join with any other improvement district, any city, town,
41 governmental agency or Indian tribe, or any agency or instrumentality of
42 an Indian tribe, or any person in the construction, operation or
43 maintenance of any of the improvements hereby authorized.

44 3. Join with any other improvement district or any city, town,
45 county or Indian tribe, or any agency or instrumentality of an Indian

1 tribe, in improving streets running on or along the boundary of the
2 district and levy assessments and issue bonds for the district's part of
3 the cost of those improvements.

4 4. Sell, lease or otherwise dispose of any property of the district
5 or interest in the property when the property is no longer required for
6 the purposes of the district or the use of which may be permitted without
7 interfering with the use thereof by the district.

8 5. Sell or otherwise dispose of any property or material acquired
9 in the construction or operation of any improvements as a by-product or
10 otherwise, and acquire rights-of-way for the disposal by condemnation or
11 otherwise.

12 6. Accept from this state or the federal government, or any agency,
13 department or instrumentality of either, grants for or in aid of the
14 construction of any of the improvements provided for by this chapter.

15 7. Notwithstanding any other law, sell improvement bonds to the
16 federal government, or any agency, department or instrumentality of the
17 federal government, for the construction of any of the improvements
18 provided by this chapter.

19 8. Enter into contracts with this state or the federal government,
20 or any agency, department or instrumentality of either or both, for the
21 construction or supervision of construction by ~~the~~ THIS state ~~of Arizona~~
22 or the federal government, or any agency, department or instrumentality of
23 either or both, but reserving to the district the right to assess against
24 the property benefited by the improvement, and located within the
25 district, that portion of the cost of the improvement that does not
26 qualify for aid under a state or federal grant.

27 9. Operate, maintain and repair the streets within the district and
28 any improvements made pursuant to this chapter.

29 10. Do all things incidental to the exercise of the powers granted
30 by this article.

31 C. A county improvement district formed for the purpose of
32 purchasing an existing or constructing a new domestic water delivery
33 system within the district or outside the district shall have the same
34 authority and responsibility as an incorporated city or town pursuant to
35 title 45 and chapters 22 and 28 of this title.

36 D. An improvement district that proposes to provide domestic water
37 service within the certificated area of a public service corporation
38 serving domestic water shall provide just compensation to the public
39 service corporation pursuant to section 9-516 for the facilities or
40 certificated area taken. The right to compensation for a public service
41 corporation from an improvement district shall not apply if no facilities
42 of the public service corporation are actually acquired by the improvement
43 district and either of the following conditions exist:

1 1. At the time the law providing for compensation became effective
2 the certificated area for which compensation is sought is an area that was
3 within the boundaries of an improvement district.

4 2. A certificate is issued to a public service corporation for any
5 area that is within an improvement district at the time the certificate is
6 issued.

7 E. If the county board of supervisors determines that the public
8 interest or convenience so requires, an improvement district that is
9 formed for the purposes of providing domestic water service pursuant to
10 article 4 of this chapter may also provide domestic wastewater service.

11 Sec. 4. Section 48-909.01, Arizona Revised Statutes, is amended to
12 read:

13 48-909.01. Wastewater treatment facility; waterworks; sewer
14 collection system and nonpoint source projects;
15 financial assistance loan repayment agreements;
16 definitions

17 A. Notwithstanding any other law, a county improvement district,
18 including a domestic wastewater improvement district, may construct or
19 improve a wastewater treatment facility, sewer collection system,
20 waterworks, including a drinking water treatment facility, or nonpoint
21 source project **OR UNDERTAKE WATER SUPPLY DEVELOPMENT** or any combination of
22 those projects with monies borrowed from or financial assistance provided
23 by the water infrastructure finance authority of Arizona pursuant to title
24 49, chapter 8.

25 B. To repay financial assistance from the water infrastructure
26 finance authority of Arizona, a county improvement district, including a
27 domestic wastewater improvement district, may enter into a financial
28 assistance loan repayment agreement with the authority to repay any
29 financial assistance provided by the water infrastructure finance
30 authority of Arizona. A financial assistance loan repayment agreement is
31 payable from any revenues otherwise authorized by law to be pledged to
32 repay long-term indebtedness. A financial assistance loan repayment
33 agreement may be secured either by assessments or by a pledge of revenues
34 of the district or any combination of those sources. If the financial
35 assistance loan repayment agreement is secured in whole or in part by
36 assessments levied pursuant to this article, the financial assistance loan
37 repayment agreement shall be treated as a series of bonds to the extent
38 that they are secured by those assessments and the board of directors of
39 the district has all powers and duties to collect assessment installments
40 and enforce delinquent assessments through sale and eventual issuance of
41 deeds in the same manner as if the assessments were evidenced by bonds.

42 C. The board of directors of the district shall obtain approval for
43 the financial assistance loan repayment agreement in the same manner
44 provided by law for approving and issuing bonds or other long-term
45 indebtedness that is secured by those assessments or revenues or a

1 combination of assessments and revenues that are to be pledged to repay
2 the loan.

3 D. A financial assistance loan repayment agreement entered into
4 pursuant to this section shall contain the covenants and conditions
5 pertaining to constructing a wastewater treatment facility, sewer
6 collection system, waterworks, including a drinking water treatment
7 facility, or nonpoint source project OR WATER SUPPLY DEVELOPMENT or any
8 combination of those projects and repaying the loan as the water
9 infrastructure finance authority of Arizona deems proper. Financial
10 assistance loan repayment agreements may provide for paying interest on
11 the unpaid principal balance of the agreement at the rates established in
12 the agreement. The agreement may also provide for paying the district's
13 proportionate share of the expenses of administering the clean water
14 revolving fund established by section 49-1221 and may provide that the
15 district pay financing and loan administration fees approved by the water
16 infrastructure authority of Arizona. These costs may be included in the
17 assessment and revenue amounts pledged to repay the financial assistance
18 loan repayment agreement. Districts are bound by and shall fully perform
19 the financial assistance loan repayment agreements, and the agreements are
20 incontestable after the loan is funded by the water infrastructure finance
21 authority of Arizona. The district shall also agree to pay the
22 authority's costs in issuing bonds or otherwise borrowing to fund a loan.

23 E. The water infrastructure finance authority of Arizona shall not
24 require that payment of a financial assistance loan repayment agreement be
25 made from other than those sources permitted in subsection B of this
26 section. The financial assistance loan repayment agreement may also
27 include covenants concerning the operation of the system, the setting of
28 rates and provisions for the appointment of a receiver to take charge of
29 and operate a sewer collection system, a waterworks, including a drinking
30 water treatment facility, and a wastewater treatment system if the
31 financial assistance loan repayment agreement is not paid in a timely
32 manner and, in the sole discretion of the water infrastructure finance
33 authority of Arizona, if the district will not be able to cure the
34 default.

35 F. A district may employ or contract for the services of attorneys,
36 accountants, financial consultants and other experts in their fields as
37 deemed necessary to perform services with respect to the financial
38 assistance loan repayment agreement. These costs are incidental expenses
39 and shall be included in any assessments.

40 G. This section is supplemental and alternative to any other law
41 under which a district may borrow monies or issue bonds. This section is
42 not the exclusive authorization to enter into loan agreements with the
43 water infrastructure finance authority of Arizona.

44 H. A district may borrow additional monies or enter into additional
45 financial assistance loan repayment agreements with the water

1 infrastructure finance authority in an amount up to the amount approved
2 pursuant to subsection C of this section less the amount that the district
3 is obligated to repay to the water infrastructure finance authority of
4 Arizona pursuant to a financial assistance loan repayment agreement.

5 I. For the purposes of this section: ~~;~~

6 1. "Nonpoint source project" has the same meaning prescribed in
7 section 49-1201.

8 2. "WATER SUPPLY DEVELOPMENT" HAS THE SAME MEANING PRESCRIBED IN
9 SECTION 49-1201.

10 Sec. 5. Section 48-1014, Arizona Revised Statutes, is amended to
11 read:

12 48-1014. Powers and duties of an elected or appointed board
13 of directors

14 A. The board of directors of a domestic water improvement district
15 or domestic wastewater improvement district elected or appointed pursuant
16 to this article shall have all the powers and duties of the board of
17 supervisors sitting as the board of directors of a county improvement
18 district formed for the purposes prescribed in section 48-909, subsection
19 A, paragraph 1, 2, 3, 4, 5, ~~or~~ 6 OR 12, including the related powers and
20 duties prescribed in section 48-909, subsection B and section 48-910, and
21 that are not in conflict with this article. A single district may be
22 formed for or converted to a combination of water and wastewater purposes.

23 B. Additions to and alterations of the district shall be made as
24 follows:

25 1. A petition addressed to the district governing board requesting
26 the addition or alteration may be filed with the clerk of the governing
27 body, if signed by a majority of the persons owning property and by the
28 owners of fifty-one ~~per cent~~ PERCENT or more of the assessed valuation of
29 the property within the limits of the proposed addition or alteration.

30 2. A petition with the required number of signatures shall not be
31 declared void on account of any alleged defect, but the governing body
32 shall allow the petition to be amended in form and substance to conform to
33 the requirements of this article. One or more similar petitions, or
34 copies of the same petition with additional signatures, for the addition
35 to or alteration of the improvement district may be filed before the time
36 of the hearing on the first petition, ~~;~~ and shall be considered as though
37 filed with the first petition. The petition shall be presumed to contain
38 the signatures of the persons whose signatures appear on the petition,
39 unless the contrary is proved.

40 3. The petition shall set forth:

41 (a) The name of the improvement district to which the addition or
42 alteration is proposed.

43 (b) The necessity for the proposed addition or alteration.

1 (c) That the public convenience, necessity or welfare will be
2 promoted by the addition or alteration of the district and that the
3 property to be included in the district will be benefited.

4 (d) The boundaries of the proposed addition or alteration.

5 4. Each copy of the petition shall be verified by one of the
6 petitioners and shall be accompanied by a plat or sketch indicating the
7 approximate area and boundaries of the district.

8 5. On receipt of a petition for an addition or alteration of a
9 district, the governing body shall set a date for a hearing on the
10 petition not later than forty days after presentation of the petition. At
11 the hearing all interested property owners may appear and be heard on any
12 matter relating to the addition to or alteration of the district. Any
13 person wishing to object to the addition or alteration may file, before
14 the date set for the hearing, the person's objections with the clerk of
15 the governing body.

16 6. Notice announcing the hearing and stating the boundaries of the
17 proposed addition or alteration shall be published twice in a newspaper of
18 general circulation in the county within which the district is
19 located. The publications shall be one week apart, and the first
20 publication shall be not less than ten days before the date of the
21 hearing. The notice shall also be mailed by first class mail at least
22 twenty days before the hearing to the property owners within the area of
23 the proposed addition or alteration according to the names and addresses
24 that appear on the most recent property tax assessment roll.

25 7. At the hearing, if it appears after consideration of all
26 objections that the petition is signed by the requisite number of property
27 owners, and that the public convenience, necessity or welfare will be
28 promoted by the addition to or alteration of the district, the governing
29 body by formal order shall declare its findings and order the addition to
30 or alteration of the district.

31 8. If the governing board finds that the public convenience,
32 necessity or welfare will not be promoted by the addition to or alteration
33 of the district, the governing body by formal order shall declare its
34 findings.

35 C. Notwithstanding subsection B of this section, any property owner
36 whose land is within a county that contains an improvement district and
37 whose land is adjacent to the boundaries of the improvement district may
38 request in writing that the governing body of the district amend the
39 district boundaries to include that property owner's land. If the
40 governing body determines that the inclusion of that property will benefit
41 the district and the property owner, the boundary change may be made by
42 order of the governing body and is final on the recording of the governing
43 body's order that includes a legal description of the property that is
44 added to the district. A petition is not required for an amendment to an
45 improvement district's boundaries made pursuant to this subsection.

1 D. On approval of any boundary change of the district, the district
2 board may order the successful petitioners or requesters to pay all of the
3 costs of the boundary change.

4 Sec. 6. Section 48-1019, Arizona Revised Statutes, is amended to
5 read:

6 48-1019. Drinking water facility and wastewater facility
7 projects; financial assistance loan repayment
8 agreements; definitions

9 A. Notwithstanding any other law, a domestic water or wastewater
10 improvement district may construct, acquire, or improve a drinking water,
11 wastewater or water reclamation facility **OR UNDERTAKE WATER SUPPLY**
12 **DEVELOPMENT** with monies borrowed from or financial assistance, including
13 forgivable principal, provided by the water infrastructure finance
14 authority of Arizona pursuant to title 49, chapter 8.

15 B. To repay financial assistance from the authority a district may
16 enter into a financial assistance loan repayment agreement with the
17 authority. A financial assistance loan repayment agreement is payable
18 from any revenues otherwise authorized by law to be used to pay long-term
19 obligations.

20 C. For a district with a population of more than fifty thousand
21 persons, the board of directors of the district shall submit the question
22 of entering and performing a financial assistance loan repayment agreement
23 to the qualified electors voting at a regular or special election in the
24 district. An election is not required if voter approval has previously
25 been obtained for substantially the same project with another funding
26 source. For a district with a population of fifty thousand persons or
27 less, the board may enter into the financial assistance loan repayment
28 agreement on the approval of the board and an election is not required.

29 D. A financial assistance loan repayment agreement entered into
30 pursuant to this section shall contain the covenants and conditions
31 pertaining to **WATER SUPPLY DEVELOPMENT OR TO** the construction, acquisition
32 or improvement of a drinking water, wastewater or water reclamation
33 facility and repayment of the loan as the authority deems proper.
34 Financial assistance loan repayment agreements may provide for the payment
35 of interest on the unpaid principal balance of the agreement at the rates
36 established in the agreement. The agreement may also provide for payment
37 of the domestic water or wastewater improvement district's proportionate
38 share of the expenses of administering the drinking water revolving fund
39 established by sections 49-1221 and 49-1241 and may provide that the
40 domestic water or wastewater improvement district pay financing and loan
41 administration fees approved by the authority. These costs may be
42 included in the assessment or revenue amounts pledged to repay the
43 loan. Districts are bound by and shall fully perform the loan repayment
44 agreements, and the agreements are incontestable after the loan is funded
45 by the authority. The domestic water improvement district shall also

1 agree to pay the authority's costs in issuing bonds or otherwise borrowing
2 to fund a loan.

3 E. A financial assistance loan repayment agreement under this
4 section does not create a debt of the domestic water or wastewater
5 improvement district, and the authority shall not require that payment of
6 a loan agreement be made from other than those sources permitted in
7 subsection B of this section.

8 F. A domestic water or wastewater improvement district may employ
9 or contract for the services of attorneys, accountants, financial
10 consultants and other experts in their field as deemed necessary to
11 perform services with respect to the financial assistance loan repayment
12 agreement.

13 G. This section is supplemental and alternative to any other law
14 under which a district may borrow money or issue bonds. This section
15 ~~shall be construed as~~ CONSTITUTES the exclusive authorization to enter
16 into loan agreements with the authority.

17 H. A district may borrow additional monies or enter into additional
18 financial assistance loan repayment agreements with the water
19 infrastructure finance authority in an amount up to the amount approved
20 pursuant to subsection C of this section less the amount that the district
21 is obligated to repay to the water infrastructure finance authority
22 pursuant to a financial assistance loan repayment agreement.

23 I. For the purposes of this section:

24 1. "Authority" means the water infrastructure finance authority of
25 Arizona.

26 2. "WATER SUPPLY DEVELOPMENT" HAS THE SAME MEANING PRESCRIBED IN
27 SECTION 49-1201.

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE BILL 2880

AN ACT

AMENDING TITLE 45, CHAPTER 2, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-576.08; AMENDING SECTION 45-579, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 2, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-579.01; RELATING TO THE GROUNDWATER CODE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 45, chapter 2, article 9, Arizona Revised
3 Statutes, is amended by adding section 45-576.08, to read:

4 45-576.08. Pinal active management area: assured water
5 supply; physical availability; definitions

6 A. THE FOLLOWING APPLY IN THE PINAL ACTIVE MANAGEMENT AREA FOR AN
7 APPLICATION TO MODIFY OR RENEW A DESIGNATION OF ASSURED WATER SUPPLY:

8 1. THE DIRECTOR SHALL NOT REVIEW THE PHYSICAL AVAILABILITY OF
9 GROUNDWATER DETERMINED TO BE PHYSICALLY AVAILABLE UNDER THE PREVIOUS
10 DESIGNATION DETERMINATION IF THE APPLICATION IS NOT SEEKING AN INCREASE IN
11 THE TOTAL GROUNDWATER DEMAND DETERMINED TO BE AVAILABLE UNDER THE PREVIOUS
12 DESIGNATION. THE PHYSICAL AVAILABILITY OF GROUNDWATER DETERMINED TO BE
13 PHYSICALLY AVAILABLE UNDER THE PREVIOUS DESIGNATION SHALL NOT BE GROUNDS
14 FOR AN OBJECTION. THIS SECTION IS NOT INTENDED TO AFFECT THE DIRECTOR'S
15 REVIEW OF ASSURED WATER SUPPLY CRITERIA OTHER THAN GROUNDWATER PHYSICAL
16 AVAILABILITY.

17 2. THE FOLLOWING ARE DEEMED PHYSICALLY AVAILABLE FOR PURPOSES OF AN
18 ASSURED WATER SUPPLY DESIGNATION:

19 (a) STORED WATER THAT IS TO BE RECOVERED BY THE APPLICANT WITHIN
20 THE AREA OF IMPACT PURSUANT TO EXISTING LONG-TERM STORAGE CREDITS PLEDGED
21 TO THE DESIGNATION OF ASSURED WATER SUPPLY.

22 (b) STORED WATER THAT IS TO BE RECOVERED WITHIN THE AREA OF IMPACT
23 BY THE APPLICANT EITHER ON AN ANNUAL BASIS PURSUANT TO SECTION 45-851.01
24 OR AS LONG-TERM STORAGE CREDITS TO BE EARNED IN THE FUTURE IF THE WATER TO
25 BE STORED MEETS THE PHYSICAL AVAILABILITY REQUIREMENTS FOR THE WATER
26 SUPPLY UNDER RULES ADOPTED PURSUANT TO SECTION 45-576, SUBSECTION H.

27 B. FOR THE PURPOSES OF THIS SECTION:

28 1. "AREA OF IMPACT" MEANS ANY ONE OF THE FOLLOWING:

29 (a) WITHIN ONE MILE OF AN EXISTING OR PROPOSED UNDERGROUND STORAGE
30 FACILITY.

31 (b) WITHIN THE DISTRICT BOUNDARIES OF AN IRRIGATION DISTRICT THAT
32 HAS A PERMIT FOR A GROUNDWATER SAVINGS FACILITY.

33 (c) FOR AREAS THAT ARE NOT PRESCRIBED BY SUBDIVISIONS (a) AND (b)
34 OF THIS PARAGRAPH, AREAS THAT HAVE BEEN SHOWN TO HAVE BEEN POSITIVELY
35 IMPACTED BY THE STORAGE ACTIVITY AS DEMONSTRATED BY A HYDROLOGIC MODEL
36 APPROVED BY THE DIRECTOR.

37 2. "LONG-TERM STORAGE CREDIT" HAS THE SAME MEANING PRESCRIBED IN
38 SECTION 45-802.01.

39 3. "STORED WATER" HAS THE SAME MEANING PRESCRIBED IN SECTION
40 45-802.01.

1 Sec. 2. Section 45-579, Arizona Revised Statutes, is amended to
2 read:

3 45-579. Assignment of certificate of assured water supply;
4 definition

5 A. A holder of a certificate of assured water supply issued
6 pursuant to section 45-576 may assign the certificate, in whole or in
7 part, to another person if the holder applies to the director for approval
8 within ten years after the original certificate was issued and the
9 director approves the application. An application may be filed under this
10 section more than ten years after the original certificate was issued if a
11 minimum of five hundred lots within the subdivision covered by the
12 certificate have been sold to individual home buyers by the holder of the
13 certificate and any previous holders of the certificate. An application
14 filed under this section shall be on a form prescribed by the director.
15 The director shall approve a timely application for assignment of a
16 certificate of assured water supply if the director determines that all of
17 the following apply:

18 1. The proposed assignee owns or is acquiring the subdivision to
19 which the current certificate applies, or if the application is for a
20 partial assignment, the portion of the subdivision to which the current
21 certificate applies that is the subject of the proposed assignment.

22 2. There has not been any material change in the subdivision plat,
23 plan or map since the certificate was originally issued, including ~~an~~
24 ~~increase in the total number of housing units or~~ an increase in the total
25 water demand for the subdivision, including all assignments.

26 3. Either there is water delivery infrastructure in place that is
27 capable of delivering water to each lot within the subdivision or the
28 proposed assignee has demonstrated financial capability to complete the
29 infrastructure. In determining whether the proposed assignee has
30 demonstrated financial capability to complete the infrastructure, the
31 director shall apply the same standards that are used in evaluating
32 financial capability for a new certificate application.

33 4. The water provider serving the subdivision and the source of
34 supply have not changed since the current certificate was issued and the
35 water provider has agreed to serve the subdivision after the assignment.

36 5. Water rights, permits, licenses, contracts and easements other
37 than the municipal provider's service area rights at the time the current
38 certificate was issued have been assigned and may be used to support water
39 service to the portion of the subdivision that is the subject of the
40 assignment and to any remaining portions of the subdivision that are
41 retained by the subdivider.

42 6. There has not been any change in the manner in which the
43 consistency with management goal requirements were satisfied at the time
44 the original certificate was issued.

1 B. After a change of ownership has occurred and on approval of an
2 assignment, the director shall issue a certificate of assured water supply
3 in the name of the assignee, retaining the date of the original
4 certificate as the date of issuance.

5 C. In the case of a partial assignment, the director shall issue a
6 certificate in the name of the assignee for the portion of the subdivision
7 that is the subject of the proposed assignment, and shall issue a
8 certificate in the name of the assignor for the portion of the subdivision
9 retained, each with the date of the original certificate as the date of
10 issuance. The new certificates shall include all water demand for the
11 subdivision represented by the current certificate. The allocation of
12 demand between the certificates shall be based on a reasonable plan for
13 allocation of the total subdivision demand as approved by the director.

14 D. Section 45-578 does not apply to an application filed under this
15 section. Section 45-114, subsections A and B govern administrative
16 proceedings, rehearing and review and judicial review of final decisions
17 of the director under this section. If an administrative hearing is held,
18 it shall be conducted in the active management area in which the use is
19 located.

20 E. Within two business days after receiving an application under
21 subsection A of this section, the director shall post notice of the
22 application on the department's ~~web site~~ WEBSITE until the director issues
23 a decision on the application. The notice shall include notice of the
24 right to submit comments on the application as provided in this
25 subsection, including a toll free number where comments may be submitted
26 by telephone and the addresses where comments may be submitted by United
27 States mail, electronic mail and hand delivery. Any person may submit
28 comments on the application within fourteen calendar days after the first
29 day that notice of the application is posted on the department's ~~web site~~
30 WEBSITE. The director shall consider all timely comments submitted on the
31 application before issuing a decision on the application. Within two
32 business days after issuing a decision on the application, the director
33 shall post notice of the decision on the department's ~~web site~~ WEBSITE for
34 a minimum of fourteen days. Notwithstanding title 41, chapter 6, article
35 10 and section 45-114, a person who submits comments on an application
36 pursuant to this subsection is not a party for purposes of title 41,
37 chapter 6, article 10, is not entitled to an administrative hearing before
38 or after the director's decision on the application and is not entitled to
39 judicial review of the director's decision.

40 F. For the purposes of this section, "original certificate" means
41 the initial certificate of assured water supply that is issued by the
42 director for a subdivision.

1 Sec. 3. Title 45, chapter 2, article 9, Arizona Revised Statutes,
2 is amended by adding section 45-579.01, to read:

3 45-579.01. Certificate of assured water supply; material
4 change; plat

5 FOR THE PURPOSE OF DETERMINING WHETHER CHANGES TO A PLAT FOR WHICH A
6 CERTIFICATE HAS BEEN ISSUED IN THE PINAL ACTIVE MANAGEMENT AREA ARE
7 MATERIAL UNDER RULES ADOPTED PURSUANT TO SECTION 45-576, SUBSECTION H, THE
8 DIRECTOR SHALL NOT CONSIDER ANY CHANGE TO THE NUMBER OF LOTS.

9 Sec. 4. Legislative intent

10 By limiting this act to the Pinal active management area, the
11 legislature does not intend to affect the authority of the director of the
12 Arizona department of water resources to revise rules adopted pursuant to
13 section 45-576, subsection H, Arizona Revised Statutes, to apply the
14 changes made by this act to other active management areas.

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE CONCURRENT MEMORIAL 2004

A CONCURRENT MEMORIAL

URGING THE SECRETARY OF THE UNITED STATES DEPARTMENT OF THE INTERIOR TO IMMEDIATELY TAKE ALL NECESSARY MEASURES TO OPERATE THE YUMA DESALTING PLANT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Secretary of the United States Department of the Interior:
2 Your memorialist respectfully represents:
3 Whereas, the United states Congress stated in the Colorado River
4 Basin Project Act that the satisfaction of the requirements of the Mexican
5 Water Treaty constitutes a national obligation; and
6 Whereas, under a treaty agreement entered into in 1973, the United
7 States is required to ensure that water delivered to Mexico as part of
8 Mexico's allocation of Colorado River water meets certain water quality
9 standards; and
10 Whereas, in accordance with this agreement, the United States
11 Congress enacted the Colorado River Basin Salinity Control Act of 1974,
12 which directed and authorized the Secretary of the United States
13 Department of the Interior to construct, operate and maintain a desalting
14 plant to treat drainage water from the Wellton-Mohawk Irrigation and
15 Drainage District and deliver the treated water to Mexico; and
16 Whereas, construction of the Yuma Desalting Plant was completed in
17 1992; and
18 Whereas, the Yuma Desalting Plant is capable of treating 100,000
19 acre-feet of water annually; and
20 Whereas, except for limited, initial operations in 1993, a
21 demonstration run completed in 2007 and a nine-month pilot run completed
22 in 2011, the federal government has failed to operate the Yuma Desalting
23 Plant for most of its existence; and
24 Whereas, the Colorado River system is in its 20th consecutive year
25 of drought; and
26 Whereas, as a result of these drought conditions, the United States
27 Department of the Interior is projecting that a shortage on the Colorado
28 River is increasingly likely; and
29 Whereas, in the lower basin drought contingency plan agreement, the
30 United States through the Secretary of the Interior committed to take
31 affirmative actions to implement lower basin programs designed to create
32 or conserve 100,000 acre-feet or more per annum of Colorado River system
33 water to contribute to the conservation of water supplies in Lake Mead or
34 other Colorado River reservoirs in the lower basin; and
35 Whereas, the Central Arizona Project is a junior priority rights
36 holder to Colorado River water and would bear the largest reduction of
37 Colorado River water in times of shortage; and
38 Whereas, by abdicating its obligation to operate the Yuma Desalting
39 Plant, the federal government has caused the loss of more than 1,800,000
40 acre-feet from Lake Mead; and
41 Whereas, if the federal government were to operate the Yuma
42 Desalting Plant, it would conserve 100,000 acre-feet per year, equivalent
43 to the water needed to supply more than 330,000 Arizona homes with water
44 annually.

1 Wherefore your memorialist, the House of Representatives of the State of
2 Arizona, the Senate concurring, prays:

3 1. That the Secretary of the United States Department of the
4 Interior immediately take all necessary measures to fulfill its
5 obligations to provide for Colorado River water augmentation and
6 conservation through the operation of the Yuma Desalting Plant, if
7 feasible, or a suitable alternative.

8 2. That the Secretary of State of the State of Arizona transmit
9 copies of this Memorial to the Secretary of the United States Department
10 of the Interior, the President of the United States, the President of the
11 United States Senate, the Speaker of the United States House of
12 Representatives and each Member of Congress from the State of Arizona.

REFERENCE TITLE: floodwater harvesting; study; urging Congress

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HCM 2009

Introduced by

Representatives Dunn: Biasiucci, Blackman, Bolick, Bowers, Campbell, Cobb,
Cook, Fernandez, Finchem, Gabaldón, Griffin, Lieberman, Nutt, Osborne,
Peten, Pierce, Rivero, Rodriguez, Shope, Sierra, Teller, Senators
Borrelli, Gowan, Kerr, Otondo, Pratt, Rios

A CONCURRENT MEMORIAL

URGING CONGRESS TO FUND A STUDY ON FLOODWATER HARVESTING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 To the Congress of the United States of America:

2 Your memorialist respectfully represents:

3 Whereas, the seven Colorado Basin states, which consist of Arizona,
4 California, Colorado, Nevada, New Mexico, Utah and Wyoming, are in the
5 nineteenth year of severe drought and are therefore experiencing a severe
6 water shortage; and

7 Whereas, water levels are critical. Lake Powell and Lake Mead store
8 the water supply for both urban and rural usage, and, if drought
9 conditions continue, these reservoirs are likely to reach critically low
10 elevations by 2026; and

11 Whereas, on January 21, 2020, the Lake Mead water level was at 43%,
12 or approximately 1,093 feet; and

13 Whereas, the Hoover Dam impounds Lake Mead and provides power to
14 millions of people in Southern California, Nevada and Arizona. If the
15 level of Lake Mead declines below 1,050 feet, hydropower generation will
16 be significantly reduced; and

17 Whereas, at 895 feet, Lake Mead can no longer provide water; and

18 Whereas, a new water source could help augment Colorado River
19 supplies; and

20 Whereas, Denver, Colorado is successfully harvesting floodwater from
21 the Missouri River to help alleviate its water shortage; and

22 Whereas, in wet years, the Missouri and Mississippi rivers reach
23 flood level with a resulting loss of vast quantities of water into the
24 Gulf of Mexico; and

25 Whereas, historic flooding in 2011 and 2019 along the Missouri and
26 Mississippi rivers caused 19 deaths and damaged infrastructure, homes,
27 businesses and agriculture and other industries. Combined estimates of
28 damages and losses of the flooding exceeded \$22 billion, according to the
29 United States National Oceanic and Atmospheric Administration; and

30 Whereas, liquid can be successfully moved thousands of miles through
31 pipelines; and

32 Whereas, Arizona has long been at the forefront among western states
33 in supporting the development and implementation of pioneering,
34 well-reasoned water management policies.

35 Wherefore your memorialist, the House of Representatives of the State of
36 Arizona, the Senate concurring, prays:

37 1. That the United States Congress fund a technological and
38 feasibility study of the development of a diversion dam and pipeline to
39 harvest floodwater from the Mississippi River to replenish the Colorado
40 River and prevent flood damage along the Missouri and Mississippi rivers.

41 2. That, if shown to be feasible, the United States Congress
42 implement the diversion dam and pipeline as a partial solution to the
43 water supply shortage in Lake Powell and Lake Mead and the flood damage
44 that occurs along the Missouri and Mississippi rivers.

1 3. That the Secretary of State of the State of Arizona transmit
2 copies of this Memorial to the President of the United States Senate, the
3 Speaker of the United States House of Representatives, the Governors of
4 the Missouri and Mississippi river states of Arkansas, Illinois, Iowa,
5 Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska,
6 North Dakota, South Dakota and Tennessee, and each Member of Congress from
7 the State of Arizona.

COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.C.R. 2027
(Reference to printed resolution)

1 Page 1, before line 1, insert:

2 Whereas, Arizona has long been at the forefront among Western states
3 in developing and implementing pioneering, well-reasoned water management
4 policies; and

5 Whereas, through the efforts of many exemplary governmental, civic
6 and community leaders, Arizona has enacted numerous programs and supported
7 many projects, either through legislation or otherwise, that were designed
8 to secure Arizona's water supplies and to ensure the wise use and
9 stewardship of those supplies for the future, including:

10 1. The establishment of the Salt River Project by farmers in 1903,
11 pledging their lands to construct the Roosevelt Dam as one of the nation's
12 first Reclamation projects in 1911 and to provide a secure water and
13 electricity supply in support of expanding agricultural production and a
14 burgeoning economy.

15 2. The passage of legislation in 1971 to provide for the
16 establishment of the Central Arizona Water Conservation District to repay
17 the federal government for the Central Arizona Project. Arizona State
18 Representative Stan Turley and Arizona State Senator Ray Goetze, chairmen
19 of the House of Representatives and Senate natural resource committees,
20 respectively, participated in meetings with the federal government
21 regarding the potential structure and operation of the Central Arizona
22 Water Conservation District before enactment of this legislation.

1 3. The passage of legislation in 1980 to establish the Groundwater
2 Management Act and to create the Department of Water Resources. This
3 legislation was enacted after countless meetings and deliberations over at
4 least a three-year period.

5 4. The passage of legislation in 1986 to provide for the underground
6 storage of water for future uses, with additional provisions enacted in
7 1994.

8 5. The passage of legislation in 1993 to create the Central Arizona
9 Groundwater Replenishment District as a mechanism to provide for additional
10 water supplies.

11 6. The passage of legislation in 1996 to create the Arizona Water
12 Banking Authority to help ensure full use of Arizona's share of the
13 Colorado River.

14 7. The passage of legislation in 2012 and 2017 to authorize Arizona
15 to participate in Minutes 319 and 323 to the 1944 Treaty with Mexico
16 regarding the use of Colorado River water.

17 8. The passage of legislation in 2019 to authorize Arizona to
18 participate in the drought contingency plan among the seven basin states of
19 the Colorado River. These successful conservation efforts included the
20 participation of many parties, including representatives of tribes, cities,
21 agricultural users, nongovernmental organizations, water users on the
22 Colorado River, the United States and the State of Arizona; and

23 Whereas, due to these many proactive measures that Arizona has
24 already enacted and implemented, this state uses less water today than in
25 the 1950s, despite a population growth of nearly five hundred percent; and

26 Whereas, this state has more recently participated in and recognized
27 these additional landmarks in Arizona's water efforts:

28 1. The 2017 celebration by the Salt River Project of the 100 year
29 anniversary of the United States Bureau of Reclamation's transfer of
30 operational control of the Salt River Valley Reclamation Project to the
31 Salt River Valley Water Users' Association.

1 2. The 2018 celebration of the 50 year anniversary of the signing of
2 the Colorado River Basin Project Act, which authorized the construction of
3 the Central Arizona Project.

4 3. The signing of a system use agreement in 2017 between the Central
5 Arizona Water Conservation District and the United States Bureau of
6 Reclamation to allow Central Arizona Project infrastructure to be used in
7 more efficient and innovative ways, including the transport of non-Central
8 Arizona Project water through the system. These and other similar
9 innovative measures are crucial to the success of efforts to manage risks
10 from drought and shortages on the Colorado River.

11 4. The protection of Lake Mead by way of system conservation during
12 2012 to the present during a period of drought and despite the structural
13 deficit on the Colorado River. The Central Arizona Water Conservation
14 District's system conservation has provided for more than 800,000 acre-feet
15 of water to be left in Lake Mead during that period, amounting to
16 approximately 10 feet in elevation of the lake, and helping to avert a
17 shortage declaration, with almost 200,000 acre-feet of contributions in
18 2020; and

19 Whereas, this foundation of successful water policies and water
20 management has provided a basis and a blueprint for this state to achieve
21 more with respect to Arizona's current and future water challenges,
22 including:

23 1. The renegotiation of the 2007 Interim Guidelines for Lower Basin
24 Shortages in advance of the Guidelines' expiration at the end of 2025.

25 2. The resolution of issues involving the expiration of
26 extinguishment credits in the Pinal Active Management Area.

27 3. The development of a desalination plan for brackish water as a
28 means to provide additional sources of water in this state.

29 4. The development of a fifth and sixth management plan under the
30 Groundwater Management Act for water users in the active management areas
31 of this state.

32 5. The development of a storm water management program.

1 6. The development of a better forest management program that
2 addresses water conservation and forest health; and

3 Whereas, recognizing the value of preexisting water rights, the
4 Arizona Constitution provides that all existing rights to the use of any of
5 the waters in this state for all useful or beneficial purposes are hereby
6 recognized and preserved; and

7 Whereas, the Arizona Territorial Legislature recognized the value and
8 importance of protected and well-managed forests in the watershed to
9 Arizona's ability to become a state; and

10 Whereas, sound scientific solutions, both short-term and long-term,
11 are needed to end forest gridlock and improve the health of both our
12 forests and our state's economy. Inconsistent and overreaching forest
13 management policies must be replaced by a common-sense policy to make
14 America's forests thrive again.

15 Therefore"

16 Page 1, strike everything after the resolving clause and insert:

17 "1. That the Members of the Legislature continue this tradition of
18 leadership and support for appropriate water management practices and
19 policies that protect property and water rights and that provide for the
20 continued safety and prosperity of the State of Arizona.

21 2. That the Members of the Legislature express their support of a
22 reasonable and prudent multiple-use forest management policy to improve our
23 nation's forest health."

24 Amend title to conform

And, as so amended, it do pass

GAIL GRIFFIN
CHAIRMAN

HCR2027NATURAL RESOURCES ENERGY WATER
02/18/2020
02:53 PM
H: ra

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

SENATE BILL 1113

AN ACT

AMENDING SECTION 42-18054, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-18054, Arizona Revised Statutes, is amended
3 to read:

4 42-18054. Tax statements for mortgaged property; liability

5 A. If property that is subject to taxation by the county assessor
6 is mortgaged and the mortgagee, or a person acting for the mortgagee, by
7 the terms of the mortgage agreement pays the tax on behalf of the
8 mortgagor:

9 1. The county treasurer shall mail a statement of taxes due on the
10 property to the mortgagor at the mortgagor's last known address. The tax
11 statement sent to the mortgagor shall be MAILED BEFORE NOVEMBER 1 AND BE a
12 written document ~~and may be in any form established by the county~~
13 ~~treasurer~~. THE TAX STATEMENT SHALL SEPARATELY LIST THE FOLLOWING FOR THE
14 CURRENT AND PREVIOUS TAX YEARS FOR THE PROPERTY:

15 (a) THE AMOUNT OF PRIMARY TAXES AND SECONDARY TAXES APPLICABLE TO
16 THE PROPERTY THAT IS DUE TO EACH TAXING JURISDICTION.

17 (b) IF APPLICABLE, THE AMOUNT OF ADDITIONAL STATE AID TO SCHOOL
18 DISTRICTS PROVIDED TO PROPERTY CLASSIFIED AS CLASS THREE PURSUANT TO
19 SECTION 42-12003.

20 2. The county treasurer, on request, shall send a statement of
21 taxes due on the property to the mortgagee. The tax statement sent to the
22 mortgagee may be in any form established by the county treasurer.

23 ~~2.~~ 3. The liability for the tax, and any subsequent interest, fees
24 and penalties, does not depend on either the mortgagor or the mortgagee
25 receiving the tax statement.

26 B. When a mortgagee either continues to receive or possesses an
27 unsatisfied tax statement from the county treasurer after the mortgage is
28 satisfied, the mortgagee shall either:

29 1. Return the tax statement to the county treasurer within thirty
30 working days, together with the last known address of the mortgagor as
31 shown on the records of the mortgagee.

32 2. Forward the tax statement or current taxes due information to
33 the mortgagor and notify the county treasurer of this action.

34 C. If a mortgagee fails to comply with subsection B of this section
35 and, as a result of the mortgagee's failure to comply, the tax on the
36 mortgagor's property becomes delinquent, the mortgagee is liable to the
37 mortgagor for all interest and penalties imposed by law for the delinquent
38 tax.



February 26, 2020

Federal Update

President's FY 2021 Budget

On February 10, President Trump released his budget request for FY 2021. The President's request outlines the Administration's priorities for government programs and spending in FY 2021. The budget request proposes significant cuts across the federal budget compared to the enacted FY 2020 levels. The budget provides \$12.7 billion (13.4% decrease) for the Department of the Interior. The EPA was allocated \$6.7 billion (26.5% decrease), and the Department of Agriculture was allocated \$21.8 billion (8.2% decrease).

Congressional FY 2021 Funding Requests

Congress is also in the process of planning its annual appropriations cycle. The House Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies has begun accepting written testimony on FY 2021 budget requests for any Interior-Environment issues. An electronic copy of testimony must be received by the Subcommittee by March 6. The House subcommittees on Energy and Water Development as well as Agriculture have not yet released due dates for testimony. These deadlines provide guidance as CAP develops and submits our annual support for salinity funding.

Executive Nominations – U.S. Department of Interior

On February 25, the U.S. Senate voted to [confirm](#) Katharine MacGregor to be the Deputy Secretary of the U.S. Department of the Interior (DOI). MacGregor has been serving as the Deputy Chief of Staff exercising the authority of the Deputy Secretary since May of 2019. MacGregor joined DOI in January 2017, serving as Principal Deputy Assistant Secretary - Land and Minerals Management and Deputy Chief of Staff. Prior to her tenure at DOI, she served as a senior staff member of the House Natural Resources Subcommittee on Energy and Mineral Resources.

The following Federal Legislative Issues Update outlines the status of the Board-approved 2020 Legislative Agenda, as well as other relevant federal issues. Legislative Affairs staff comes before the Public Policy Committee on a regular basis to seek guidance and direction on these and other proposed legislation and rules that may arise during the year.

CAP Authorities and Operations

CAP Position: Monitor legislative and regulatory efforts that could impact CAP's contractual authorities or directly impact CAP water supplies and operations.

No update to report at this time.



Colorado River Water Supply

CAP Position: Continue to support the implementation of the Lower Basin Drought Contingency Plan (DCP), including support for the Bureau of Reclamation to achieve the goal to conserve up to 100,000 acre-feet per year as part of the DCP.

Continue to cooperate with Federal, State, Tribal, and other stakeholders to mitigate potential impacts on the CAP water supply and support water conservation and augmentation activities, such as desalination, weather modification, and water reuse and recycling programs, as well as other programs.

Continue to support the operation of the Yuma Desalting Plant or suitable alternatives to reduce system losses.

Drought Resiliency and Water Supply Infrastructure Act

On July 18, 2019, the Senate Energy and Natural Resources Subcommittee on Water and Power convened a hearing on S. 1932, the Drought Resiliency and Water Supply Infrastructure Act. The bill, introduced in June by Senators Cory Gardner (R-CO), Diane Feinstein (D-CA), Martha McSally (R-AZ), and Kyrsten Sinema (D-AZ) supports water infrastructure in Reclamation states and provides for grant funding for both federally-owned and state-led storage projects. On June 2, 2019, the CAWCD Board voted to monitor the legislation and seek a clarifying amendment, which was included in the introduced bill. On August 1, 2019, the CAWCD Board voted to support the bill. CAWCD submitted a written statement of support for the bill. Potential revisions are being discussed to improve chances for support and passage.

CAP Position: SUPPORT

Cybersecurity

CAP Position: Monitor legislative efforts to address cybersecurity and potential threats to critical infrastructure and vital computer systems.

No update to report at this time.

Central Arizona Project Water Infrastructure

CAP Position: Monitor proposals by the Executive and Congress to provide financing opportunities to modernize U.S. infrastructure and determine possible opportunities for CAP.

No update to report at this time.

Energy Legislation

CAP Position: Monitor legislative efforts that may impact CAP operations, including CAP's ability to secure affordable energy and ensure reliable transmission delivery.

No update to report at this time.



Water Quality and Salinity Issues

***CAP Position:** Monitor water quality issues impacting the Colorado River that may affect CAP operations.*

Support the activities of the Colorado River Basin Salinity Control Forum, including efforts to secure adequate funding and improve water management.

Support the efforts of the Lower Colorado River Water Quality Partnership to address water quality issues of the Colorado River.

No update to report at this time.

Indian Water Rights and Settlements

***CAP Position:** Continue to collaborate with Arizona Tribes and other stakeholders on issues related to resolving water rights claims and support opportunities to provide Arizona Tribes with Colorado River decreed water rights greater flexibility to manage their resources.*

Continue to support legislation necessary and appropriate to enact the Hualapai Tribe water rights settlement.

Hualapai Tribe Water Rights Settlement Act of 2019

On June 26, the House Natural Resources Subcommittee on Water, Oceans, and Wildlife held a hearing on H.R.2459, Hualapai Tribe Water Rights Settlement Act of 2019, introduced by Rep. Tom O'Halleran (D-AZ-1). The legislation would approve the settlement of water rights claims of the Hualapai Tribe and certain allottees in the State of Arizona, to authorize water project construction. A companion measure (S.1277) was introduced by Sen. Martha McSally (R-AZ) and cosponsored by Sen. Kyrsten Sinema (D-AZ) in the Senate Committee on Indian Affairs.

There has been no new progress on the legislation at this time.

CAP Position: SUPPORT

Federal Rulemaking

***CAP Position:** Continue to monitor federal rulemaking and implementation related to energy, air quality, water quality, and other issues that may affect CAP operations.*

No update to report at this time.

If you have any questions or would like more information regarding any of the issues contained in this report, please contact CAP Legislative Affairs at 623-869-2425.



Federal Legislative Update

Public Policy Committee
March 5, 2020

Jeff Gray, CAP Legislative Affairs Manager
Ryan Smith, Brownstein Hyatt Farber Schreck

Federal Update

President's FY 2021 Budget

- White House released the President's FY 2021 budget on February 10.
- The proposed budget contains cuts to several agencies including the Department of Interior (13.4% decrease), EPA (26.5% decrease), and USDA (8.2% decrease).
- FY 2021 spending levels for programs impacting CAP are not expected to differ significantly from FY 2020 spending levels.



Federal Update

FY 2021 Funding Requests

- The House Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies has begun accepting written testimony on budget requests for any Interior-Environment issues.
- An electronic copy of testimony must be received by the Subcommittee by March 6, 2020.
- The House subcommittees on Energy and Water Development as well as Agriculture have not yet released due dates for testimony.



Federal Update

Executive Nominations - U.S. Department of Interior

- On February 25, the U.S. Senate voted to confirm Katharine MacGregor to be the Deputy Secretary of the U.S. Department of the Interior.
- MacGregor has been serving as the Deputy Chief of Staff exercising the authority of the Deputy Secretary since May of 2019.



Colorado River Water Supply & Central Arizona Project Water Infrastructure

S.1932 Drought Resiliency and Water Supply Infrastructure Act

- Introduced in June by Senators Cory Gardner (R-CO), Diane Feinstein (D-CA), Martha McSally (R-AZ), and Kyrsten Sinema (D-AZ).
- Senate Energy & Natural Resources Subcommittee on Water & Power held a hearing on July 18. The bill would support water infrastructure in Reclamation states and provides for grant funding for both federally-owned and state-led storage projects.
- Potential revisions are being discussed to improve chances for support and passage.

CAP Position: Support



Indian Water Rights Settlements

H.R.2459/S.1277 Hualapai Tribe Water Rights Settlement Act

- Introduced on May 1, 2019 in both the House and Senate by Sen. Martha McSally and Rep. Tom O'Halleran.
- The legislation would approve the settlement of water rights claims of the Hualapai Tribe and certain allottees in the State of Arizona to authorize water project construction.
- A hearing was held on June 26, 2019 in the House Subcommittee on Water, Oceans, & Wildlife and included testimony from ADWR Director Tom Buschatzke. CAP submitted a letter of support for the record.
- No recent action on legislation.

CAP Position: Support



KNOW
YOUR
WATER

Questions?

CentralArizonaProject.com ~ CAGRd.com



TO: CAWCD Board Members and Ted Cooke, General Manager

FR: Ryan Smith, Shareholder
Bella Sewall Wolitz, Of Counsel
Reese Goldsmith, Associate and Policy Advisor
Brownstein Hyatt Farber Schreck

CC: Bridget Schwartz-Manock, Director of Public Affairs
Jeff Gray, Legislative Affairs Manager

DA: February 25, 2020

RE: Federal Legislative Monthly Report

President’s Budget FY 2021

On February 10, the White House released the president’s FY2021 budget. There are cuts to several agencies, including Interior, EPA, and Agriculture. The budget provides \$12.7 billion for the Department of the Interior – which constitutes a 13.4% decrease from FY 2020 enacted levels. The EPA was allocated \$6.7 billion, a 26.5% decrease, and the Department of Agriculture was allocated \$21.8 billion, an 8.2% decrease. However, based on prior practice, these cuts likely will not be enacted into law. The president’s budget proposal is generally more a signal for priority-setting than a template for Congressional action.

However, each agency has released a budget justification for their programs and it is helpful to see how they are prioritizing funds for these programs. Outlined below are the budget numbers for key programs within the Bureau of Reclamation, Bureau of Land Management, and the Department of Agriculture.

DOI FY 2021 Reclamation Budget Justification

	FY19 Final (\$ Mil)	FY20 Final (\$Mil)	FY21 Budget Request (\$Mil)
CO River Basin – CAP	16.12	6.39	6.95
CO River Basin Salinity Control Project, Title I	15.5	14.7	16.2
CO River Basin Salinity Control Project, Title II (Basinwide)	8.0	10.0	6.0
WaterSMART Programs (<i>see itemized below</i>)	108.2	134.25	18.15

	FY19 Final (\$ Mil)	FY20 Final (\$Mil)	FY21 Budget Request (\$Mil)
WaterSMART Grants	34.0	55.0	7.86
Cooperative Watershed Management Program	2.25	2.25	0.25
Basin Studies	5.2	5.2	2.0
Drought Response	9.0	4	2.9
WCFSP	4.2	4.2	2.14
Title XVI	58.6	63.6	3.0
WaterSMART Programs Total	113.25	134.25	18.15

USDA FY 2021 NRCS EQIP Budget Justification

	FY19 Final (\$ Mil)	FY20 Final (\$Mil)	FY21 Budget Request (\$Mil)
Environmental Quality Incentives Program	482	472	553

DOI FY 2021 BLM Aquatic Habitat Management sub-activity Budget Justification

The budget includes \$31.7 million for the Aquatic Habitat Management sub-activity. The budget justification for BLM is currently not available on DOI’s website. The delay is likely due to the pending move of BLM’s headquarters out West.

Fiscal Year 2021 Appropriations Testimony

The appropriations process will ramp up again soon to provide for FY 2021 funding. The process is slated to begin in earnest this spring. Despite the overall cuts requested in the president’s budget request, FY 2021 spending levels for programs impacting CAWCD are not expected to differ significantly from FY 2020 spending levels.

The House Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies has begun accepting written testimony on the Department of the Interior (non-Bureau of Reclamation) and U.S. Environmental Protection Agency budgets. It is the first appropriations committee to accept testimony this year. An electronic copy of testimony must be received no later than 5 p.m. (EST) Friday, March 6, 2020.

The House subcommittees on Energy and Water Development as well as Agriculture have not yet released due dates for testimony. The Senate Appropriations Committee subcommittee deadlines are as follows:

- Interior, Environment, and Related Agencies Subcommittee: March 20, 2020
- Energy and Water Development Subcommittee: March 30, 2020
- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee: April 6, 2020

WOTUS

On January 23, 2020 the U.S. Environmental Protection Agency (EPA) released a revised rule defining what constitute waters of the United States under federal Clean Water Act (CWA) jurisdiction. The rule, entitled the Navigable Water Protection Rule, clarifies the definition of “waters of the United States.” The rule constitutes the second and final step of the administration’s plan to repeal and replace the controversial 2015 Clean Water Rule that expanded the scope of waters regulated by the federal government compared to the 1986 rule. The revised rule, when it goes into effect, limits federal regulatory and enforcement jurisdiction under the CWA to (1) the territorial seas and traditional navigable waters, (2) perennial and intermittent tributaries to those waters, (3) certain lakes, ponds, and impoundments, and (4) wetlands adjacent to jurisdictional waters.

EPA Administrator Andrew Wheeler unveiled the revisions at a conference in Las Vegas in conjunction with the January 23 announcement. In addition to describing what is regulated under the rulemaking, the final rule also clarifies what are not “waters of the United States.” The revised rule would remove jurisdiction over a number of bodies of water, including “ephemeral streams,” which are waters that only flow following large precipitation events. Ephemeral streams remain dry when not carrying the resulting stormwater to larger bodies of water. This regulation is expected to dramatically reduce federal CWA jurisdiction in arid states such as Arizona and Nevada.

The final rule follows a lengthy litigation battle over how to define what waters are covered by the CWA. The 2015 Clean Water Rule finalized by the Obama administration attempted to address the thorny legal issues, but ultimately with an expansive definition that faced significant opposition in courts. It is likely that this rule will also face legal challenges from numerous environmental groups. However, given the makeup of the Supreme Court, it is likely that the 2020 Navigable Water Protection Rule will ultimately survive legal challenges.

Additionally, should the November election result in a change in control of the presidency, it is possible that a new administration could attempt to again expand the definition of “waters of the United States.” However, any serious regulatory expansion of Clean Water Act jurisdiction will require formal rulemaking and would likely face an uphill climb to being upheld by the current Supreme Court. The Navigable Water Protection Rule will be in effect 60 days after it is published in the Federal Register.

NEPA

On Jan. 9, following a White House press conference, the Council on Environmental Quality (CEQ) released proposed revisions to National Environmental Policy Act (NEPA) regulations. The proposed rule seeks to reign in NEPA litigation and expedite environmental reviews. The proposed rulemaking has been published in the Federal Register. Comments on the proposal are due March 10, 2020. At this time the agency has not set a target date for finalizing the rule after the notice and comment period. Additionally, there have been several requests to extend the

deadline for comment, including from Democratic Senators on the Senate Environment and Public Works Committee.

Key provisions of the proposal that will impact NEPA review timelines and the scope of environmental reviews conducted include:

- **One Federal Decision:** The proposal requires joint schedules, a single environmental impact statement (EIS), and in certain instances, a single record of decision (ROD) for EISs involving multiple agencies. This proposal tracks with the 2017 Executive Order 13807: Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects, which required agencies to process environmental reviews as One Federal Decision.
- **More Categorical Exclusions and FONSI:** The proposed rule emphasizes more frequent uses of categorical exclusions and findings of no significant impact (FONSI), where appropriate, to reduce paperwork and the necessity for NEPA reviews. Categorical exclusions are actions determined by agencies to be exempt from additional reviews because the category of activity has been previously studied and determined to have no significant impact. Categorical exclusions are typically identified in agency-specific NEPA procedures. A FONSI is a project-specific determination that a certain proposed federal action will not have significant harmful impact on the human environment made following an environmental assessment (EA), which is not as detailed a study as an EIS.
- **Robust Scoping:** The proposed rule allows for a more robust scoping process and earlier public input to narrow the analysis of issues to be considered in the final NEPA document.
- **Strict Page and Time Limits:** The proposed rule sets a one-year time limit for EAs unless otherwise approved by a lead agency senior official. The proposal also sets a two-year timeline for EISs unless otherwise approved. Under the proposal, an EIS should be no more than 300 pages unless approved in writing by a senior official.
- **Expanded Use of Tiering:** The rule also encourages agencies to apply the concept of tiering, which allows for previous EAs and EISs to be incorporated by reference in newly prepared NEPA review documents. The new rule eliminates language that was more restrictive of the use of tiering.
- **Incorporation by Reference:** The proposed rule would allow for documentation from state, tribal and local governments to be used in environmental reviews rather than requiring the federal government to generate their own analysis where one has already been completed.
- **Reasonable Alternatives:** The preparation of NEPA documents typically requires the exploration of alternative actions to the action proposed. Under the proposed rule, reasonable alternatives presented in a NEPA document must be technically and economically feasible.

- Referrals to CEQ: Under the proposed rule, interagency disagreements over the economic costs of delaying or impeding agency decisions during a NEPA review would provide a basis for referral to CEQ for dispute resolution. The current rule does not list economic cost considerations as a basis for an agency referral to CEQ. Public meetings and hearings during this referral process are eliminated.
- Scope of Environmental Considerations: The proposed rule also states that environmental effects must be “reasonably foreseeable” and “have a reasonably close causal relationship” to the proposed action. Further, the proposed rule provides that analysis of cumulative effects is not required under NEPA. This provision is intended to narrow the scope of NEPA reviews. This change addresses recent federal judicial decisions that interpret NEPA to require analysis of the cumulative impact of certain major federal actions—such as onshore lease sales—on climate change.
- Public Comment to Preserve a Claim: The proposal requires that to preserve issues or objections raised in comments to a NEPA environmental review, comments must be submitted within the comment period provided and be specific as possible. A summary of these comments will then be incorporated in a final EIS. This provision is intended to limit NEPA litigation involving objections not raised during the public comment period.

Fiscal Year 2020 Government Funding

On December 20, 2019, President Trump signed into law a \$1.4 trillion FY 2020 federal budget package. The two-bill spending package included all 12 annual appropriations bills for FY 2020. A comprehensive agreement by this date was important as funding for the federal government up until this point had been provided through two Continuing Resolutions (CRs), the most recent of which was set to expire on December 20. The Energy and Water portion of the budget funds the Bureau of Reclamation at \$1.66 billion, which is an increase from the \$1.55 billion from FY 2019. The Interior and Environment portion of the budget funds the Environmental Protection Agency at \$9.057 billion, which represents a \$208 million increase over FY 2019.

The budget package contains several provisions of interest to CAP, including:

- Reclamation’s WaterSMART grant program received \$55 million in FY 2020 funding, an increase of \$21 million from FY 2019.
- Reclamation’s Title XVI water reuse and recycling program saw an increase of \$5 million in funding to \$63.6 million in FY 2020.
- Reclamation’s salinity control program was appropriated \$10 million in FY 2020, a \$2 million increase from FY 2019.
- An extension of the enforceability date of the White Mountain Apache Tribe’s settlement through 2023.
- A repeal of a 40% excise tax on certain employer-provided health plans that would have become effective in 2022. This repeal is estimated to prevent a cost increase to CAP of approximately \$400,000 had the tax become effective in 2022.

In accordance with usual budget practice, Congress provided report language to inform agencies of how to implement certain provisions of the appropriations bills. This year, this language was contained in joint explanatory statements published by the House Committee on Rules. These explanatory statements maintained report language from when the budget bills passed the committees earlier this year in places where the enacted appropriations are consistent with the previous versions, and added new language as part of the current budget package in places where changes were made meriting explanation. The explanatory statements published by the House Committee on Rules and have the same force as a conference report.

On February 3, 2020, the Bureau of Reclamation allocated an additional \$433,345,000 in funding appropriated by Congress for FY 2020. The funds were allocated as follows: Rural Water (\$117.4 million); Water Conservation and Delivery (\$258.1 million); Environmental Restoration or Compliance (\$42.5 million); Fish Passage and Fish Screens (\$11.4 million); and Facilities Operation, Maintenance, and Rehabilitation (\$4.0 million). \$124.1 million of the total \$258.1 million allocated for Water Conservation and Delivery is provided to the most important West-wide projects for this category, and of that \$26 million has been targeted to the Colorado River Basin.

Energy & Water Section – Bureau of Reclamation

Retained from Senate Report Language: “Drought Contingency Plans.—The Committee commends Reclamation, the Department of Interior, and the seven Colorado River Basin states for completing drought contingency plans to conserve water and reduce risks from ongoing drought for the Upper and Lower Colorado River basins. The completion of these plans mark a major milestone in protecting a critical water source in the western United States. The Committee encourages Reclamation to provide sufficient funding for activities that support these plans.”

Explanatory Statement Language: “Of the additional funding provided under the heading of “Water Conservation and Delivery,” \$20,000,000 [was \$40,000,000 in the original House Report language] shall be for water conservation activities in areas that are experiencing extended drought conditions. These water conservation activities shall include well construction and irrigation related structural or other measures, programs and projects that result in conservation of other surface water or groundwater, or improve water system efficiency, resilience, reliability, delivery, and conveyance.”

Interior-Environment Section – Salinity

Retained from Senate Report Language: “Salinity Control Program.—The Committee supports the Bureau’s Salinity Control Program and the Bureau’s involvement in the Colorado River Salinity Control Forum. The Program should continue the mission of addressing sediment and salt discharges to ensure usable water supplies for downstream users. The Committee directs that the Program be funded and maintained consistent with prior years.”

Agriculture Section – U.S. Department of Agriculture

Retained from Senate Report Language: “Drought Resilience.—The Committee is particularly concerned about the severe and prolonged drought in the West and applauds the passage of the Colorado River Basin Drought Contingency Plans. The Committee appreciates NRCS’s efforts to increase efficiencies in current water use and expects NRCS to utilize all available opportunities to assist producers, irrigators, and irrigation districts in implementing area-wide plans to address drought resiliency and mitigation in a way that maintains strong rural and agriculture communities and protects our natural resources. In providing this assistance, the Committee further expects the NRCS to prioritize support for implementation of Drought Contingency Plans, agreements, or programs that would conserve surface or ground water, improve drought resiliency, and address current and anticipated conservation needs and severe drought-related resource concerns.”

Retained from Senate Report Language: “Innovative Water Conservation.—The Committee recognizes the devastating impacts wrought by severe and prolonged drought across many regions of the country. The Committee notes that the Agriculture Improvement Act of 2018 (Public Law 115–334) made several updates to address water conservation and drought mitigation, including eligibility changes for water conservation and irrigation efficiency practices. NRCS is encouraged to work with eligible entities, including but not limited to producers, States, irrigation districts, and acequias, to help them implement critical innovative drought resiliency and mitigation efforts, which maintain strong rural and agriculture communities while protecting natural resources.”

Legislation to Watch

Drought Bills

- **S. 1932, Drought Resilience and Water Supply Infrastructure Act:** S. 1932 was introduced in June 2019 by Senator Cory Gardner (R-CO). The bill would support water infrastructure in Reclamation states and provides for grant funding for both federally-owned and state-led storage projects. On Thursday, July 18, the Senate Energy and Natural Resources Subcommittee on Water and Power convened a hearing to examine opportunities to increase water storage and conservation through rehabilitation and water supply infrastructure development. The subcommittee received testimony from the Department of Interior, water resource organizations and conservation groups regarding S. 1932, as well as the Aquifer Recharge Flexibility Act (S. 1570) and the Water Supply Infrastructure Rehabilitation and Utilization Act (S. 2044). Subcommittee chair Senator Martha McSally (R-AZ) stated her support for the bill during the hearing. In August 2019, a letter of support for S. 1932 was sent from the CAWCD Board of Directors to the Subcommittee Chair and Ranking Member, and also distributed to the Arizona House delegation. The bill is currently undergoing major revisions to improve chances for bipartisan support and passage.
- **S. 1570, Aquifer Recharge Flexibility Act:** This bill, introduced by Sen. James Risch (R-ID), intends to optimize federal water systems and allow for broader state and community access to recharge sites. On September 25, 2019, the Senate Energy and

Natural Resources Committee voted to report the bill favorably out of committee by voice vote.

- **S. 2044, Water Supply Infrastructure Rehabilitation and Utilization Act:** Senator Martha McSally (R-AZ) introduced this bill in June, prior to it receiving a Senate Energy and Natural Resources Subcommittee on Water and Power hearing in July 2019. This legislation would: (1) establish a Reclamation account to allow operators to fund extraordinary maintenance projects by repaying the costs over a longer period of time with interest; (2) increase transparency and provide greater authority to Congress; and (3) create a pilot program to modernize reservoir operations at existing dams without any new construction. On September 25, 2019, the Senate Energy and Natural Resources Committee voted to report the bill favorably out of committee by voice vote. Senate [report number 116-156](#) has been prepared to accompany the bill. A related bill, H.R.4659, was introduced in the House on October 11, 2019.
- **S. 2718, Western Water Security Act of 2019:** This bill was introduced on October 28, 2019, and is sponsored by Senator Tom Udall (D-NM). The bill has a companion measure in the House, H.R. 4891, that is sponsored by Rep. Xochitl Torres Small (D-NM). The aim of the bill is focused on encouraging long-term drought adaptation strategies. The legislation would increase funding for the WaterSMART program, among other water infrastructure investments. The bill also includes a program for rural desalination. The bill would also reauthorize and expand the transboundary aquifer assessment program. On January 28, 2020, the House Natural Resources Subcommittee on Water, Oceans, and Wildlife held a legislative hearing on H.R. 4891.
- **H.R. 5217, Water Optimization for the West (WOW) Act:** On November 21, 2019, House Republicans introduced their own drought bill. The legislation is sponsored by Rep. Tom McClintock (R-CA) and supported by House Natural Resources Committee Ranking Member Dan Bishop (R-UT). The bill starts with titles that focus on California water management issues, and also has several provisions addressing water issues West-wide. The bill would make the Bureau of Reclamation the lead agency for coordinating all surface water storage project reviews, permits, licenses, or other approvals or decisions and aims to streamline NEPA for water projects. The bill would also transfer Endangered Species Act responsibilities from the Commerce Department to the Department of the Interior. The bill is not bipartisan, and is unlikely to move in the Democratically-controlled House.
- **H.R. _____, Furthering Underutilized Technologies and Unleashing Responsible Expenditures for (FUTURE) Drought Resiliency Act (Discussion Draft):** In January 2020, Rep. Jared Huffman (D-CA) released a discussion draft of a bill entitled the FUTURE Drought Resiliency Act. The bill seeks to incorporate several strategies to address drought adaptation. This comprehensive bill includes modified funding and permitting for infrastructure development, incentivizes improved technologies and data collection, and provides for ecosystem protection and restoration. The bill also would encourage career training for the water industry. The legislation was open for public

comment until February 7, 2020. The bill has yet to be introduced and a revised version of the draft following comments has not been released.

Water Rights Settlements

- **S. 886/H.R. 1904, Indian Water Rights Settlement Extension Act:** On July 17, 2019 the Senate Committee on Indian Affairs voted to advance S. 886, the “Indian Water Rights Settlement Extension Act,” to the Senate floor. The bill is sponsored by Senator Tom Udall (D-NM), as well as Senators Heinrich (D-NM) and Cortez Masto (D-NV). Originally the bill would have amended the Omnibus Public Land Management Act of 2009 to make the Reclamation Water Settlements Fund permanent. A substitute amendment was offered by Senator Udall that instead extends the Fund by another ten years (From FY2020-2029 to FY2020-2039). H.R. 1904 is the companion measure in the House. The House bill received a legislative hearing on April 4, 2019, but has not advanced from the committee.
- **H.R. 2459, Hualapai Tribe Water Rights Settlement Act:** On May 1, 2019, Rep. Tom O’Halloran (D-AZ-1) introduced H.R.2459, the Hualapai Tribe Water Rights Settlement Act of 2019. The legislation would approve the settlement of water rights claims of the Hualapai Tribe and certain allottees in the State of Arizona, to authorize water project construction. The bill is cosponsored by Arizona delegation Reps. Greg Stanton (D-AZ-9), Ann Kirkpatrick (D-AZ-2), Ruben Gallego (D-AZ-7), Andy Biggs (R-AZ-5), Paul Gosar (R-AZ-4), David Schweikert (R-AZ-6), Debbie Lesko (R-AZ-8). The bill was introduced in the House Natural Resources Subcommittee on Water, Oceans, and Wildlife. On the same day, a companion measure was introduced by Sen. Martha McSally (R-AZ) and cosponsored by Sen. Kyrsten Sinema (D-AZ) in the Senate Committee on Indian Affairs. On June 26, 2019 the House Natural Resources Subcommittee on Water, Oceans and Wildlife held a hearing on the House bill. The administration has indicated it is not supportive of the measure because of cost concerns, and therefore diminished the likelihood of passage. CAWCD submitted a statement of support for the bill to the committee.

Water Quality and Salinity Issues

- **H.R. 3723, the Desalination Development Act:** On July 11, 2019, Rep. Mike Levin (D-CA) introduced H.R. 3723, the Desalination Development Act. The bill will reportedly address desalination project development and drought resilience. On July 25, 2019, the House Natural Resources Subcommittee on Water, Oceans, and Wildlife will hold a markup on the bill. The bill is cosponsored by Rep. Jared Huffman (D-CA).
- **H.R. 1497, the Water Quality Protection and Job Creation Act:** On October 29, 2019, the House Transportation and Infrastructure Committee approved this bill. The bill is the first reauthorization for sewage treatment plant funding since 1987. The bill is sponsored by Rep. Peter DeFazio (D-OR) and has 50 cosponsors – including three Republicans. The bill includes provisions that would:

- amend the Clean Water Act to allow municipal wastewater treatment plants to obtain 10-year point-source discharge permits (currently there is a five year duration for permits);
- provide \$14 billion for the Clean Water State Revolving Fund over five years, with 15% of those funds directed to projects that incorporate green infrastructure and water or energy efficiency projects; and
- reauthorize programs such as sewer overflow and stormwater reuse municipal grants, a pilot program for alternative water source projects, and watershed pilot projects through 2024.

Navajo Generating Station

- **H.R. 4318, Providing Recovery Opportunities & Mitigating Industry's Shifting Economics (PROMISE) Act:** This bill was introduced by Rep. Tom O'Halleran (D-AZ-1) on September 12, 2019. The bill creates a program entitled the "Significantly Impacted Federal Community Economic Adjustment Program" administered by the Secretary of the Interior "to assist substantially and seriously affected communities, businesses, and workers from the effects of major federally owned, in part or whole, energy infrastructure closures taking place on Federal lands." The bill provides for:
 - a "Community Adjustment And Economic Diversification Program" that will provide assistance funds where a 10 percent match is provided from local, tribal or state agency,
 - a directive to work with the Secretary of Labor to established dislocated worker demonstration project under section 169(c) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3224(c));
 - and annual funds, where appropriated, to reflect losses in revenue, the proportion of which declines each of the seven listed award years.

The bill also directs the formation of an interagency committee to work across federal agencies and to create a new Office of Economic Adjustment within the Department of the Interior to administer the program. The bill is also sponsored by Reps. Greg Stanton, (D-AZ-9), Ann Kirkpatrick, (D-AZ-2), and Ruben Gallego (D-AZ-7).

Healthcare and Labor

- **H.R. 3668, Asuncion Valdivia Heat Illness and Fatality Prevention Act:** On July 11, 2019, the House Education and Labor Subcommittee on Workforce Protections held a hearing on H.R. 3668, the Asuncion Valdivia Heat Illness and Fatality Prevention Act, titled after a farmworker that died in 2004. H.R. 3668 has 55 co-sponsors including Representatives Raul Grijalva (D-AZ), Ruben Gallego (D-AZ) and Ann Kirkpatrick (D-AZ). The bill mandates the Occupational Safety and Health Administration (OSHA) to adopt a nationwide excessive heat standard for indoor and outdoor workers and outlines minimum requirements the standards must include.