

REFERENCE TITLE: environment; budget reconciliation; 2021-2022

State of Arizona  
Senate  
Fifty-fifth Legislature  
First Regular Session  
2021

## **SB 1822**

Introduced by  
Senators Fann: Borrelli, Gowan, Gray, Leach (with permission of Committee  
on Rules)

### **AN ACT**

AMENDING SECTIONS 37-110 AND 37-1305, ARIZONA REVISED STATUTES; AMENDING TITLE 37, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 37-1310; AMENDING TITLE 41, CHAPTER 3, ARTICLE 1.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-511.24; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3031.01; AMENDING TITLE 49, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 49-1273, ARIZONA REVISED STATUTES; AMENDING LAWS 2019, CHAPTER 263, SECTION 141; APPROPRIATING MONIES; RELATING TO ENVIRONMENT BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 37-110, Arizona Revised Statutes, is amended to  
3 read:

4 37-110. Due diligence fund; exemption; reversion

5 A. The due diligence fund is established. The commissioner may use  
6 monies in the fund to pay the department's costs of evaluating and  
7 processing applications and otherwise preparing lands for sales, leases,  
8 rights-of-way or other use permits.

9 B. The fund consists of legislative appropriations and  
10 reimbursements to the department by winning bidders for the department's  
11 costs of advance due diligence investigations and analyses pursuant to  
12 subsection A of this section. Monies in the fund are subject to  
13 legislative appropriation.

14 C. The commissioner shall administer the fund. Monies in the fund  
15 are exempt from the provisions of section 35-190 relating to the lapsing  
16 of appropriations, except that all monies in the fund exceeding ~~five~~  
17 ~~hundred thousand dollars~~ \$5,000,000 at any time revert to the state  
18 general fund.

19 Sec. 2. Section 37-1305, Arizona Revised Statutes, is amended to  
20 read:

21 37-1305. Emergencies; prohibiting fireworks; liabilities and  
22 expenses; fire suppression revolving fund

23 A. On request of the state forester, the governor may authorize the  
24 state forester to incur liabilities for suppressing wildland fires and  
25 responding to other unplanned all-risk activities from unrestricted monies  
26 in the state general fund whether or not the legislature is in session.

27 B. The state forester has the authority to prohibit the use of  
28 fireworks during times of high fire potential in the unincorporated areas  
29 of ~~the~~ THIS state.

30 C. The state forester or the state forester's designee shall review  
31 all liabilities incurred and expenditures made under this section and  
32 shall report the expenditures to the department of administration for  
33 audit according to department of administration rules. The state forester  
34 shall transmit a copy of the report to the state emergency council.

35 D. Liabilities incurred under this section are subject to the  
36 following limitations:

37 1. Wildland fire suppression or other unplanned all-risk emergency  
38 liabilities shall not exceed ~~three million dollars~~ \$5,500,000 of state  
39 general fund monies pursuant to subsection A of this section in a fiscal  
40 year for costs associated with suppressing wildland fires, supporting  
41 other unplanned all-risk activities such as fire, flood, earthquake, wind  
42 and hazardous material responses and preparing for periods of extreme fire  
43 danger and pre-position equipment and other fire suppression resources to  
44 provide for enhanced initial attack on wildland fires. The state forester  
45 shall not incur nonreimbursable liabilities for support of nonfire

1 all-risk activities. The governor shall determine when periods of extreme  
2 fire danger exist and must approve any expenditure for pre-positioning  
3 activities.

4 2. If the funding authorization in paragraph 1 of this subsection  
5 is exhausted, or if the nonreimbursable liabilities incurred exceed the  
6 cash balance of the fire suppression revolving fund, the state forester  
7 shall not incur additional liabilities without the consent of a majority  
8 of the state emergency council as authorized by section 35-192.

9 E. The state forester shall process and pay claims for  
10 reimbursement for wildland fire suppression services, including claims for  
11 personnel hours, used supplies and reasonable and negotiated costs of  
12 damage to equipment that exceeds normal wear and tear, as follows:

13 1. Except as provided by paragraph 2 of this subsection, within  
14 thirty days after receiving a complete and correct claim for wildland fire  
15 suppression services, the state forester shall pay the claim from  
16 available monies that have not been committed to the payment of other  
17 wildfire expenses.

18 2. Within thirty days after receiving a complete and correct claim  
19 for wildland fire suppression services on federal lands, the state  
20 forester shall complete the processing of the claim and forward the claim  
21 to the appropriate federal agency.

22 3. For any valid claim other than for federal reimbursement, if  
23 there is insufficient funding in the fire suppression revolving fund, the  
24 holder of the unpaid claim shall be issued a certificate pursuant to  
25 section 35-189.

26 4. For any valid claim for federal reimbursement, the state  
27 forester shall certify the claim to the state treasurer who shall pay the  
28 claim, including claims for personnel hours, used supplies and reasonable  
29 and negotiated costs of damage to equipment that exceeds normal wear and  
30 tear, from monies appropriated from the budget stabilization fund pursuant  
31 to section 35-144, subsection A, paragraph 3. The state forester shall  
32 reimburse the state treasurer within forty-five days after payment of the  
33 claim by a federal agency and the state treasurer shall deposit those  
34 monies in the budget stabilization fund established by section 35-144.

35 F. Monies received for suppressing wildland fires, pre-positioning  
36 equipment and firefighting resources and other unplanned all-risk  
37 activities may be used for the purposes of section 37-1303 and this  
38 section.

39 G. The state forester shall adopt rules for administering the  
40 wildland fire suppression monies authorized under this section, subject to  
41 approval of the governor.

42 H. The state forester may require reimbursement from cities and  
43 other political subdivisions of this state and state and federal agencies  
44 for costs incurred in the suppression of wildland fires, pre-suppression  
45 or unplanned all-risk activities. Reimbursement shall be based on the

1 terms and conditions in cooperative agreements, land ownership or  
2 negligence. The state forester may require reimbursement from individuals  
3 or businesses only for costs incurred in the suppression of wildland fires  
4 or unplanned all-risk activities caused by their negligence or criminal  
5 acts.

6 I. The fire suppression revolving fund is established consisting of  
7 civil penalties collected pursuant to section 36-1610 and monies received  
8 by the state forester for wildland fire suppression and pre-positioning  
9 equipment and resources and for payment for activities related to  
10 combating wildland fires and supporting other unplanned all-risk  
11 activities such as fire, flood, earthquake, wind and hazardous material  
12 responses. The state forester shall not incur nonreimbursable liabilities  
13 for support of nonfire all-risk activities. The state forester shall  
14 administer the fund, and all monies received for these activities shall be  
15 deposited, pursuant to sections 35-146 and 35-147, in the fund. Monies in  
16 the fire suppression revolving fund are continuously appropriated to the  
17 state forester, except that if the unobligated balance of the fund exceeds  
18 ~~two million dollars~~ \$2,000,000 at the end of any calendar year, the excess  
19 shall be transferred to the state general fund. Monies in the fire  
20 suppression revolving fund are otherwise exempt from the provisions of  
21 section 35-190 relating to lapsing of appropriations.

22 Sec. 3. Title 37, chapter 9, article 1, Arizona Revised Statutes,  
23 is amended by adding section 37-1310, to read:

24 37-1310. Emergency medical services on federal lands;  
25 payment; requirements; definition

26 A. SUBJECT TO LEGISLATIVE APPROPRIATION, THE STATE FORESTER SHALL  
27 PROCESS AND PAY CLAIMS TO A FIRE DISTRICT WITH A POPULATION OF LESS THAN  
28 FIVE THOUSAND INHABITANTS FOR EXPENSES INCURRED IN RESPONDING TO EMERGENCY  
29 MEDICAL SERVICES CALLS ON FEDERAL LANDS AS FOLLOWS:

30 1. THE FIRE DISTRICT SHALL SUBMIT AN ITEMIZED CLAIM FOR PAYMENT  
31 WITHIN NINETY DAYS AFTER THE EMERGENCY MEDICAL SERVICES RESPONSE.

32 2. WITHIN THIRTY DAYS AFTER RECEIVING A COMPLETE AND CORRECT CLAIM  
33 FOR PAYMENT, THE STATE FORESTER SHALL COMPLETE THE PROCESSING OF THE CLAIM  
34 AND PAY THE FIRE DISTRICT.

35 B. FOR THE PURPOSES OF THIS SECTION, "EXPENSES":

36 1. INCLUDES PERSONNEL COSTS FOR PERSONNEL THAT DIRECTLY RESPOND TO  
37 AN EMERGENCY MEDICAL SERVICES CALL, FUEL COSTS, COSTS FOR MEDICAL SUPPLIES  
38 AND OTHER COSTS THE STATE FORESTER DETERMINES ARE RELATED TO THE RESPONSE.

39 2. DOES NOT INCLUDE EMERGENCY MEDICAL SERVICES REGULATED PURSUANT  
40 TO TITLE 36, CHAPTER 21.1.

41 Sec. 4. Title 41, chapter 3, article 1.1, Arizona Revised Statutes,  
42 is amended by adding section 41-511.24, to read:

43 41-511.24. Arizona state parks store fund

44 A. THE ARIZONA STATE PARKS STORE FUND IS ESTABLISHED CONSISTING OF  
45 MONIES DEPOSITED PURSUANT TO A FEE SCHEDULE FOR GOODS AND SERVICES

1 DETERMINED BY THE ARIZONA STATE PARKS BOARD. THE BOARD SHALL ADMINISTER  
2 THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND  
3 SHALL BE USED BY THE BOARD TO OPERATE AND MAINTAIN GIFT SHOPS.

4 B. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION  
5 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ALL MONIES IN THE FUND  
6 EXCEEDING \$1,250,000 AT THE END OF A FISCAL YEAR ARE TRANSFERRED TO THE  
7 STATE PARKS REVENUE FUND ESTABLISHED BY SECTION 41-511.21.

8 Sec. 5. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
9 is amended by adding section 41-3031.01, to read:

10 41-3031.01. Drought mitigation board: termination  
11 July 1, 2031

12 A. THE DROUGHT MITIGATION BOARD TERMINATES ON JULY 1, 2031.

13 B. TITLE 49, CHAPTER 1, ARTICLE 8 AND THIS SECTION ARE REPEALED ON  
14 JANUARY 1, 2032.

15 Sec. 6. Title 49, chapter 1, Arizona Revised Statutes, is amended  
16 by adding article 8, to read:

17 ARTICLE 8. DROUGHT MITIGATION REVOLVING FUND PROJECTS

18 49-193. Definitions

19 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

20 1. "BOARD" MEANS THE DROUGHT MITIGATION BOARD OF DIRECTORS.

21 2. "ENTITY" MEANS AN INDIVIDUAL, CORPORATION, PARTNERSHIP, LIMITED  
22 LIABILITY COMPANY, ASSOCIATION, TRUST, UNINCORPORATED ORGANIZATION OR  
23 OTHER LEGAL ORGANIZATION OR A GOVERNMENT BODY.

24 3. "FUND" MEANS THE DROUGHT MITIGATION REVOLVING FUND ESTABLISHED  
25 BY SECTION 49-193.01.

26 49-193.01. Drought mitigation revolving fund; exemption;  
27 legislative intent

28 A. THE DROUGHT MITIGATION REVOLVING FUND IS ESTABLISHED TO BE  
29 MAINTAINED IN PERPETUITY CONSISTING OF:

30 1. MONIES APPROPRIATED BY THE LEGISLATURE TO THE FUND.

31 2. MONIES RECEIVED FOR DROUGHT MITIGATION PURPOSES FROM THE UNITED  
32 STATES GOVERNMENT.

33 3. MONIES RECEIVED AS LOAN REPAYMENTS, INTEREST AND PENALTIES.

34 4. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE  
35 FUND.

36 5. GIFTS, GRANTS AND DONATIONS RECEIVED FOR DROUGHT MITIGATION  
37 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

38 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT  
39 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
40 APPROPRIATIONS.

41 C. THE LEGISLATURE FINDS THAT MANY REGIONS IN THIS STATE LACK  
42 ACCESS TO SUSTAINABLE WATER SUPPLIES TO MEET THEIR LONG-TERM WATER DEMANDS  
43 AND NEED FINANCIAL ASSISTANCE TO DEVELOP WATER SUPPLY AND CONSERVATION  
44 PROJECTS. THE LEGISLATURE INTENDS THAT THE FUND ESTABLISHED BY THIS

1 SECTION BE USED TO PROVIDE FINANCIAL ASSISTANCE FOR THESE PROJECTS UNDER  
2 THE TERMS SET FORTH IN THIS ARTICLE.

3 49-193.02. Drought mitigation board; board of directors;  
4 fingerprinting; conduct of office; audit

5 A. THE DROUGHT MITIGATION BOARD IS ESTABLISHED TO EVALUATE AND  
6 APPROVE FUNDING REQUESTS FOR MONIES FROM THE DROUGHT MITIGATION REVOLVING  
7 FUND FOR PURPOSES PRESCRIBED IN SECTION 49-193.05 THAT SUBSTANTIALLY  
8 IMPROVE SUSTAINABLE WATER SUPPLIES TO MEET THIS STATE'S LONG-TERM WATER  
9 DEMAND.

10 B. THE DROUGHT MITIGATION BOARD CONSISTS OF THE FOLLOWING MEMBERS:

11 1. NOT MORE THAN TWO PERSONS FROM A COMBINATION OF MARICOPA, PIMA  
12 OR PINAL COUNTY.

13 2. NOT MORE THAN ONE PERSON FROM LA PAZ, MOHAVE OR YUMA COUNTY.

14 3. NOT MORE THAN ONE PERSON FROM COCHISE, GRAHAM, GREENLEE OR SANTA  
15 CRUZ COUNTY.

16 4. NOT MORE THAN ONE PERSON FROM GILA OR YAVAPAI COUNTY.

17 5. NOT MORE THAN ONE PERSON FROM APACHE, COCONINO OR NAVAJO COUNTY.

18 6. THE DIRECTOR OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE.

19 7. THE FOLLOWING AS ADVISORY MEMBERS WITHOUT THE POWER TO VOTE:

20 (a) THE PRESIDENT OF THE SENATE.

21 (b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

22 (c) THE STATE LAND COMMISSIONER.

23 C. MEMBERS APPOINTED PURSUANT TO SUBSECTION B, PARAGRAPHS 1  
24 THROUGH 5 OF THIS SECTION MUST HAVE A STRONG BACKGROUND IN WATER ISSUES  
25 WITHIN THIS STATE. APPOINTED MEMBERS SERVE FIVE-YEAR TERMS OF OFFICE  
26 BEGINNING AND ENDING ON THE THIRD MONDAY IN JANUARY AND SHALL BE APPOINTED  
27 AS FOLLOWS:

28 1. THE GOVERNOR SHALL APPOINT ONE OF THE MEMBERS FROM MARICOPA,  
29 PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM APACHE, COCONINO OR NAVAJO  
30 COUNTY.

31 2. THE PRESIDENT OF THE SENATE SHALL APPOINT ONE OF THE MEMBERS  
32 FROM MARICOPA, PIMA OR PINAL COUNTY AND THE ONE MEMBER FROM GILA OR  
33 YAVAPAI COUNTY.

34 3. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE  
35 ONE MEMBER FROM LA PAZ, MOHAVE OR YUMA COUNTY AND THE ONE MEMBER FROM  
36 COCHISE, GRAHAM, GREENLEE OR SANTA CRUZ COUNTY.

37 D. BEFORE A MEMBER IS APPOINTED TO THE BOARD PURSUANT TO SUBSECTION  
38 C OF THIS SECTION, THE PROSPECTIVE MEMBER SHALL SUBMIT A FULL SET OF  
39 FINGERPRINTS TO THE APPOINTING ENTITY FOR THE PURPOSE OF OBTAINING A STATE  
40 AND FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC  
41 LAW 92-544. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS FINGERPRINT  
42 DATA WITH THE FEDERAL BUREAU OF INVESTIGATION.

43 E. THE BOARD SHALL ELECT A CHAIRPERSON OF THE BOARD FROM AMONG THE  
44 VOTING MEMBERS. THE CHAIRPERSON MAY APPOINT SUBCOMMITTEES AS NECESSARY.

1 F. THE BOARD MAY REQUEST ASSISTANCE FROM REPRESENTATIVES OF OTHER  
2 STATE AGENCIES. THE DEPARTMENT OF WATER RESOURCES SHALL PROVIDE CLERICAL  
3 AND ADMINISTRATIVE SUPPORT AND TECHNICAL ASSISTANCE TO THE BOARD.

4 G. BOARD MEMBERS SERVE WITHOUT COMPENSATION BUT ARE ELIGIBLE FOR  
5 REIMBURSEMENT OF EXPENSES FROM THE FUND THROUGH THE DEPARTMENT OF WATER  
6 RESOURCES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2.

7 H. A MAJORITY OF THE VOTING MEMBERS, WHICH MUST INCLUDE THE  
8 CHAIRPERSON, CONSTITUTES A QUORUM FOR THE PURPOSE OF AN OFFICIAL MEETING  
9 FOR CONDUCTING BUSINESS. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS  
10 PRESENT AT AN OFFICIAL MEETING IS SUFFICIENT FOR THE BOARD TO TAKE ANY  
11 ACTION.

12 I. THE BOARD SHALL KEEP AND MAINTAIN A COMPLETE AND ACCURATE RECORD  
13 OF ALL BOARD PROCEEDINGS.

14 J. THE BOARD AND ANY SUBCOMMITTEES ARE SUBJECT TO TITLE 38, CHAPTER  
15 3, ARTICLE 3.1, RELATING TO PUBLIC MEETINGS, EXCEPT AS FOLLOWS:

16 1. IN ADDITION TO SECTION 38-431.03, THE BOARD AND SUBCOMMITTEES  
17 MAY MEET IN EXECUTIVE SESSION TO DISCUSS POTENTIAL WATER SUPPLY OR  
18 CONSERVATION PROJECT OPPORTUNITIES AND STRATEGIES, THAT, IF MADE PUBLIC,  
19 COULD POTENTIALLY HARM THE APPLICANT'S, THE POTENTIAL APPLICANT'S OR THIS  
20 STATE'S COMPETITIVE POSITION.

21 2. ACTIVITIES AND EVENTS HELD IN PUBLIC FOR THE PURPOSE OF  
22 ANNOUNCING WATER SUPPLY OR CONSERVATION PROJECTS ARE NOT PUBLIC MEETINGS.

23 K. THE BOARD, ITS SUBCOMMITTEES AND THE OFFICERS AND ANY EMPLOYEES  
24 OF THE BOARD ARE SUBJECT TO TITLE 38, CHAPTER 3, ARTICLE 8, RELATING TO  
25 CONFLICTS OF INTEREST.

26 L. THE BOARD SHALL ADOPT WRITTEN POLICIES, PROCEDURES AND  
27 GUIDELINES FOR STANDARDS OF CONDUCT, INCLUDING A GIFT POLICY, FOR MEMBERS  
28 OF THE BOARD AND FOR OFFICERS AND EMPLOYEES OF THE BOARD.

29 M. THE BOARD SHALL OPERATE ON THE STATE FISCAL YEAR. ON OR BEFORE  
30 OCTOBER 31 OF EACH YEAR, THE BOARD SHALL CAUSE AN AUDIT TO BE CONDUCTED OF  
31 THE FUND ESTABLISHED BY SECTION 49-193.01 BY AN INDEPENDENT CERTIFIED  
32 PUBLIC ACCOUNTANT. THE BOARD SHALL IMMEDIATELY FILE A CERTIFIED COPY OF  
33 THE AUDIT WITH THE AUDITOR GENERAL. THE AUDITOR GENERAL MAY MAKE FURTHER  
34 AUDITS AND EXAMINATIONS AS NECESSARY AND MAY TAKE APPROPRIATE ACTION  
35 RELATING TO THE AUDIT OR EXAMINATION PURSUANT TO TITLE 41, CHAPTER 7,  
36 ARTICLE 10.1. IF THE AUDITOR GENERAL TAKES NO FURTHER ACTION WITHIN  
37 THIRTY DAYS AFTER THE AUDIT IS FILED, THE AUDIT IS CONSIDERED TO BE  
38 SUFFICIENT.

39 N. ALL STATE AGENCIES SHALL COOPERATE WITH THE BOARD AND MAKE  
40 AVAILABLE DATA PERTAINING TO THE FUNCTIONS OF THE BOARD AS REQUESTED BY  
41 THE BOARD.

42 49-193.03. Fund administration; expenses

43 A. THE BOARD SHALL ADMINISTER THE FUND.

44 B. ON NOTICE TO THE BOARD AND THE STATE TREASURER FROM THE DIRECTOR  
45 OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE REGARDING EXPENSES INCURRED

1 PURSUANT TO SECTION 49-193.04, SUBSECTION A, PARAGRAPHS 1 AND 4, THE STATE  
2 TREASURER SHALL PAY THE EXPENSES.

3 C. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND  
4 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED  
5 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

6 D. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE  
7 PURPOSES AUTHORIZED BY THIS ARTICLE.

8 49-193.04. Drought mitigation revolving fund; purposes;  
9 exemption; security

10 A. MONIES IN THE FUND MAY BE USED FOR THE FOLLOWING PURPOSES:

11 1. THE DEPARTMENT OF WATER RESOURCES MAY AWARD GRANTS TO FACILITATE  
12 THE FORBEARANCE OF WATER DELIVERIES THAT WOULD AVOID REDUCTIONS IN THIS  
13 STATE'S COLORADO RIVER SUPPLIES. GRANTS MAY NOT BE USED TO SUPPLANT OR  
14 TAKE THE PLACE OF ANY EXISTING FORBEARANCE CONTRACT FOR WATER TO BE STORED  
15 IN LAKE MEAD.

16 2. THE STATE LAND DEPARTMENT MAY APPLY FOR GRANTS TO SUPPORT THE  
17 STATE LAND DEPARTMENT'S ABILITY TO MAKE THE BEST USE OF WATER RESOURCES  
18 ASSOCIATED WITH STATE TRUST LAND, IN ALIGNMENT WITH THE STATE LAND  
19 DEPARTMENT'S TRUST RESPONSIBILITIES, TO MAXIMIZE THE BENEFITS FOR THE  
20 TRUST BENEFICIARIES AND THIS STATE'S FUTURE. BEFORE DEVELOPING ANY  
21 INFRASTRUCTURE FOR THE BUTLER VALLEY GROUNDWATER BASIN UNDER A STATE LAND  
22 DEPARTMENT GRANT, THE STATE LAND DEPARTMENT SHALL OBTAIN A HYDROLOGICAL  
23 STUDY OF GROUNDWATER AVAILABILITY IN THE BUTLER VALLEY GROUNDWATER BASIN.

24 3. THE BOARD MAY MAKE LOW-COST, LONG-TERM LOANS FOR PLANNING,  
25 DESIGNING, CONSTRUCTING OR FINANCING WATER SUPPLY DEVELOPMENT PROJECTS TO  
26 IMPORT WATER SUPPLIES FROM OUTSIDE THIS STATE INTO THIS STATE, WITH  
27 PRIORITY GIVEN TO THOSE LOAN APPLICATIONS THAT DEMONSTRATE THE LARGEST  
28 STATEWIDE BENEFIT.

29 4. THE BOARD MAY PAY THE COSTS TO ADMINISTER THE FUND.

30 B. MONIES IN THE FUND MAY NOT BE USED TO PROVIDE FINANCIAL  
31 ASSISTANCE TO TRANSFER WATER OR THE RIGHT TO WATER RELATED TO A MAINSTREAM  
32 COLORADO RIVER ENTITLEMENT AWAY FROM AN AREA NEAR THE COLORADO RIVER.

33 C. GRANTS FROM THE FUND ARE EXEMPT FROM THE PROVISIONS OF TITLE 41,  
34 CHAPTER 24 GOVERNING THE SOLICITATION AND AWARD OF GRANT APPLICATIONS.

35 D. LOANS PRESCRIBED UNDER SUBSECTION A, PARAGRAPH 3 OF THIS SECTION  
36 MAY BE SECURED BY PROVIDING LINKED DEPOSIT GUARANTEES THROUGH THIRD-PARTY  
37 LENDERS BY DEPOSITING MONIES WITH THE LENDER ON THE CONDITION THAT THE  
38 LENDER MAKE A LOAN ON TERMS APPROVED BY THE BOARD, AT A RATE OF RETURN ON  
39 THE DEPOSIT APPROVED BY THE BOARD AND THE STATE TREASURER, AND BY GIVING  
40 THE LENDER RECOURSE AGAINST THE DEPOSIT OF LOAN REPAYMENTS THAT ARE NOT  
41 MADE WHEN DUE.

42 49-193.05. Drought mitigation fund financial assistance;  
43 procedures

44 A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, AN ENTITY MAY  
45 APPLY TO THE BOARD FOR AND ACCEPT AND INCUR INDEBTEDNESS AS A RESULT OF A



1 LOAN OR ANY OTHER FINANCIAL ASSISTANCE PURSUANT TO SECTION 49-193.04 FROM  
2 THE FUND FOR CONSERVATION AND WATER SUPPLY DEVELOPMENT PURPOSES. IN  
3 COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, AN ENTITY MAY ALSO APPLY TO  
4 THE BOARD FOR AND ACCEPT GRANTS, STAFF ASSISTANCE OR TECHNICAL ASSISTANCE  
5 FOR PLANNING OR DESIGNING A WATER SUPPLY DEVELOPMENT PROJECT. AN ENTITY  
6 THAT APPLIES FOR AND ACCEPTS A LOAN OR OTHER FINANCIAL ASSISTANCE UNDER  
7 THIS ARTICLE IS NOT PRECLUDED FROM APPLYING FOR AND ACCEPTING A LOAN OR  
8 OTHER FINANCIAL ASSISTANCE UNDER ANY OTHER LAW.

9 B. THE BOARD SHALL:

10 1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND  
11 APPROVE ASSISTANCE.

12 2. ESTABLISH CRITERIA BY WHICH ASSISTANCE WILL BE AWARDED,  
13 INCLUDING REQUIREMENTS FOR LOCAL PARTICIPATION IN PROJECT COSTS, IF DEEMED  
14 ADVISABLE. THE CRITERIA SHALL INCLUDE A DETERMINATION OF ALL OF THE  
15 FOLLOWING:

16 (a) THE APPLICANT'S ABILITY TO REPAY A LOAN ACCORDING TO THE TERMS  
17 AND CONDITIONS ESTABLISHED BY THIS SECTION. AT THE OPTION OF THE BOARD,  
18 THE EXISTENCE OF A CURRENT INVESTMENT GRADE RATING ON THE APPLICANT'S  
19 EXISTING DEBT THAT IS SECURED BY THE SAME REVENUES TO BE PLEDGED TO SECURE  
20 REPAYMENT UNDER THE LOAN REPAYMENT AGREEMENT CONSTITUTES EVIDENCE  
21 REGARDING THE APPLICANT'S ABILITY TO REPAY A LOAN.

22 (b) THE APPLICANT'S LEGAL CAPABILITY TO ENTER INTO A LOAN REPAYMENT  
23 AGREEMENT.

24 (c) THE APPLICANT'S FINANCIAL ABILITY TO CONSTRUCT, OPERATE AND  
25 MAINTAIN THE PROJECT IF IT RECEIVES THE FINANCIAL ASSISTANCE.

26 (d) THE APPLICANT'S ABILITY TO MANAGE THE PROJECT.

27 (e) THE APPLICANT'S ABILITY TO MEET ANY APPLICABLE ENVIRONMENTAL  
28 REQUIREMENTS IMPOSED BY FEDERAL OR STATE AGENCIES.

29 (f) THE APPLICANT'S ABILITY TO ACQUIRE ANY NECESSARY REGULATORY  
30 PERMITS.

31 3. DETERMINE THE ORDER AND PRIORITY OF PROJECTS ASSISTED UNDER THIS  
32 SECTION BASED ON THE MERITS OF THE APPLICATION WITH RESPECT TO DROUGHT  
33 MITIGATION ISSUES, INCLUDING THE FOLLOWING:

34 (a) THE EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS OF THE  
35 WATER PROVIDER INVOLVED IN THE APPLICATION COMPARED TO THE EXISTING WATER  
36 SUPPLIES OF THE WATER PROVIDER.

37 (b) THE EXISTING AND PLANNED CONSERVATION AND WATER MANAGEMENT  
38 PROGRAMS OF THE WATER PROVIDER INVOLVED IN THE APPLICATION, INCLUDING  
39 WATERSHED MANAGEMENT OR PROTECTION.

40 (c) THE BENEFITS OF THE PROJECT.

41 (d) THE SUSTAINABILITY OF THE WATER SUPPLY TO BE DEVELOPED THROUGH  
42 THE PROJECT.

43 (e) THE APPLICANT'S NEED FOR FINANCIAL ASSISTANCE.

44 (f) THE COST-EFFECTIVENESS OF THE PROJECT.

1 C. THE BOARD SHALL REVIEW EACH APPLICATION RECEIVED ON ITS MERITS  
2 AND SHALL INFORM THE APPLICANT OF THE BOARD'S DETERMINATION WITHIN NINETY  
3 DAYS AFTER RECEIPT OF A COMPLETE AND CORRECT APPLICATION. IF THE  
4 APPLICATION IS NOT APPROVED, THE BOARD SHALL NOTIFY THE APPLICANT AND  
5 STATE THE REASONS FOR THE DENIAL. IF THE APPLICATION IS APPROVED, THE  
6 BOARD MAY CONDITION THE APPROVAL ON ASSURANCES THE BOARD DEEMS NECESSARY  
7 TO ENSURE THAT THE APPLICANT WILL USE THE FINANCIAL ASSISTANCE ACCORDING  
8 TO LAW AND THE TERMS OF THE APPLICATION.

9 D. ON APPROVAL OF AN APPLICATION UNDER THIS SECTION, THE BOARD  
10 SHALL USE MONIES IN THE FUND TO FINANCE THE PROJECT.

11 Sec. 7. Section 49-1273, Arizona Revised Statutes, is amended to  
12 read:

13 49-1273. Water supply development revolving fund; purposes;  
14 limitation

15 A. Monies in the water supply development revolving fund may be  
16 used for the following purposes:

17 1. Making water supply development loans to water providers in this  
18 state under section 49-1274 for water supply development purposes.

19 2. Making loans or grants to water providers for ~~the~~ planning or  
20 ~~design of~~ DESIGNING water supply development projects. A single grant  
21 shall not exceed ~~one hundred thousand dollars~~ \$100,000.

22 3. Purchasing or refinancing debt obligations of water providers at  
23 or below market rate if the debt obligation was issued for a water supply  
24 development purpose.

25 4. Providing financial assistance to water providers with bonding  
26 authority to purchase insurance for local bond obligations incurred by  
27 them for water supply development purposes.

28 5. Paying the costs to administer the fund.

29 6. Providing linked deposit guarantees through ~~third party~~  
30 THIRD-PARTY lenders by depositing monies with the lender on the condition  
31 that the lender make a loan on terms approved by the committee, at a rate  
32 of return on the deposit approved by the committee and the state treasurer  
33 and by giving the lender recourse against the deposit of loan repayments  
34 that are not made when due.

35 7. CONDUCTING WATER SUPPLY STUDIES.

36 B. If the monies pledged to secure water supply development bonds  
37 issued pursuant to section 49-1278 become insufficient to pay the  
38 principal and interest on the water supply development bonds guaranteed by  
39 the water supply development revolving fund, the authority shall direct  
40 the state treasurer to liquidate securities in the fund as may be  
41 necessary and shall apply those proceeds to make current all payments then  
42 due on the bonds. The state treasurer shall immediately notify the  
43 attorney general and auditor general of the insufficiency. The auditor  
44 general shall audit the circumstances surrounding the depletion of the  
45 fund and report the findings to the attorney general. The attorney

1 general shall conduct an investigation and report those findings to the  
2 governor and the legislature.

3 C. Monies in the water supply development revolving fund shall not  
4 be used to provide financial assistance to a water provider, other than an  
5 Indian tribe, unless one of the following applies:

6 1. The board of supervisors of the county in which the water  
7 provider is located has adopted the provision authorized by section  
8 11-823, subsection A.

9 2. The water provider is located in a city or town and the  
10 legislative body of the city or town has enacted the ordinance authorized  
11 by section 9-463.01, subsection 0.

12 3. The water provider is located in an active management area  
13 established pursuant to title 45, chapter 2, article 2.

14 4. The water provider is located outside of an active management  
15 area and either of the following applies:

16 (a) The director of water resources has designated the water  
17 provider as having an adequate water supply pursuant to section 45-108.

18 (b) The water provider will use the financial assistance for a  
19 water supply development project and the director of water resources has  
20 determined pursuant to section 45-108 that there is an adequate water  
21 supply for all subdivided land that will be served by the project and for  
22 which a public report was issued after ~~the effective date of this~~  
23 ~~amendment to this section~~ JULY 24, 2014.

24 Sec. 8. Laws 2019, chapter 263, section 141 is amended to read:

25 Sec. 141. Arizona department of forestry and fire management;  
26 appropriation; Mount Lemmon fire district; fiscal  
27 year 2019-2020; exemption

28 A. In addition to any other appropriations made in fiscal year  
29 2019-2020, the sum of \$750,000 is appropriated from the state general fund  
30 in fiscal year 2019-2020 to the Arizona department of forestry and fire  
31 management to distribute to the Mount Lemmon fire district to construct a  
32 water line AND TO PURCHASE EQUIPMENT.

33 B. The appropriation made in subsection A of this section is exempt  
34 from the provisions of section 35-190, Arizona Revised Statutes, relating  
35 to the lapsing of appropriations, except that all monies of the  
36 appropriation remaining unexpended and unencumbered on December 31, ~~2021~~  
37 ~~2022~~ revert to the state general fund.

38 Sec. 9. Arizona water protection fund; use of monies

39 Notwithstanding section 45-2114, Arizona Revised Statutes, in fiscal  
40 year 2021-2022, the Arizona water protection fund commission may grant to  
41 the department of water resources up to \$336,000 of the unobligated  
42 balance in the Arizona water protection fund established by section  
43 45-2111, Arizona Revised Statutes, to pay for administrative costs of the  
44 department in fiscal year 2021-2022.

1 Sec. 10. Underground storage tank revolving fund: use of  
2 monies

3 Notwithstanding any other law, in fiscal year 2021-2022, the  
4 department of environmental quality may use up to \$6,531,000 from the  
5 underground storage tank revolving fund established by section 49-1015,  
6 Arizona Revised Statutes, in fiscal year 2021-2022 for:

- 7 1. Administrative costs of the department.
- 8 2. Remediating sewage discharge issues in Naco, Arizona and other  
9 border areas of Arizona.

10 Sec. 11. Arizona water banking fund: use of monies

11 In addition to the purposes provided in section 45-2425, Arizona  
12 Revised Statutes, monies appropriated to the Arizona navigable stream  
13 adjudication commission from the Arizona water banking fund established by  
14 section 45-2425, Arizona Revised Statutes, may be used in fiscal year  
15 2021-2022 to pay legal fees.

16 Sec. 12. Appropriation limit; water quality assurance  
17 revolving fund

18 Notwithstanding section 49-282, Arizona Revised Statutes, the  
19 appropriation from the state general fund to the water quality assurance  
20 revolving fund established by section 49-282, Arizona Revised Statutes,  
21 for fiscal year 2021-2022 may not exceed \$15,000,000.

22 Sec. 13. Department of environmental quality; vehicle  
23 emissions testing fees; exemption from rulemaking

24 A. Notwithstanding any other law, the director of environmental  
25 quality shall charge fees in fiscal year 2021-2022 that are not more than  
26 the fees that were charged in fiscal year 2020-2021 for tests conducted in  
27 Area A, as defined in section 49-541, Arizona Revised Statutes.

28 B. The department of environmental quality is exempt from the  
29 rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes,  
30 until July 1, 2022 for the purpose of establishing fees pursuant to this  
31 section.

32 Sec. 14. Purpose

33 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,  
34 the legislature establishes the drought mitigation board to provide  
35 financial assistance for water supply and conservation development  
36 purposes.

37 Sec. 15. Retroactivity

38 Title 49, chapter 1, article 8, Arizona Revised Statutes, as added  
39 by this act, applies retroactively to from and after June 30, 2021.