

COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1171
(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 45-101, Arizona Revised Statutes, is amended to
3 read:

4 45-101. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Appropriator" means the person or persons initiating or
7 perfecting the right to use appropriable water based on state law, or the
8 person's successor or successors in interest.

9 2. "Department" means the department of water resources.

10 3. "Director" means the director of water resources, who is also the
11 director of the department.

12 4. "Effluent" means water that has been collected in a sanitary
13 sewer for subsequent treatment in a facility that is regulated pursuant to
14 title 49, chapter 2. Such water remains effluent until it acquires the
15 characteristics of groundwater, ~~or~~ surface water OR TREATED PROCESS WATER.

16 5. "Groundwater" means water under the surface of the earth
17 regardless of the geologic structure in which it is standing or
18 moving. Groundwater does not include water flowing in underground streams
19 with ascertainable beds and banks.

20 6. "Interstate stream" means any stream constituting or flowing
21 along the exterior boundaries of this state, and any tributary originating
22 in another state or foreign country and flowing into or through this state.

23 7. "Riparian area" means a geographically delineated area with
24 distinct resource values, ~~—~~ that is characterized by deep-rooted plant
25 species that depend on having roots in the water table or its capillary

1 zone and that occurs within or adjacent to a natural perennial or
2 intermittent stream channel or within or adjacent to a lake, pond or marsh
3 bed maintained primarily by natural water sources. Riparian area does not
4 include areas in or adjacent to ephemeral stream channels, artificially
5 created stockponds, man-made storage reservoirs constructed primarily for
6 conservation or regulatory storage, municipal and industrial ponds or
7 man-made water transportation, distribution, off-stream storage and
8 collection systems.

9 8. "Sanitary sewer" means any pipe or other enclosed conduit that
10 carries, among other substances, any water-carried wastes from the human
11 body from residences, commercial buildings, industrial plants or
12 institutions.

13 9. "Surface water" means the waters of all sources, flowing in
14 streams, canyons, ravines or other natural channels, or in definite
15 underground channels, whether perennial or intermittent, floodwater,
16 wastewater or surplus water, and of lakes, ponds and springs on the
17 surface. For the purposes of administering this title, surface water is
18 deemed to include central Arizona project water.

19 10. "TREATED PROCESS WATER" MEANS WATER THAT IS USED FOR A
20 NONIRRIGATION USE BY A FOOD OR BEVERAGE MANUFACTURER IN AN INDUSTRIAL
21 FACILITY, SUBSEQUENTLY TREATED AT THE SITE OF USE AND STORED UNDERGROUND AT
22 THE SITE OF USE PURSUANT TO CHAPTER 3.1 OF THIS TITLE.

23 Sec. 2. Title 45, chapter 2, article 9, Arizona Revised Statutes, is
24 amended by adding section 45-563.03, to read:

25 45-563.03. Treated process water; conservation requirements

26 IN DETERMINING COMPLIANCE WITH APPLICABLE CONSERVATION REQUIREMENTS
27 ADOPTED PURSUANT TO THIS ARTICLE, THE DEPARTMENT SHALL ACCOUNT FOR TREATED
28 PROCESS WATER THAT IS RECOVERED PURSUANT TO CHAPTER 3.1 OF THIS TITLE
29 CONSISTENT WITH THE ACCOUNTING FOR EFFLUENT.

1 Sec. 3. Section 45-802.01, Arizona Revised Statutes, as amended by
2 Laws 2019, chapter 1, section 9, is amended to read:

3 45-802.01. Definitions

4 Unless the context otherwise requires, the terms defined in section
5 45-402 have the same meanings in this chapter and:

6 1. "Aquifer" means a geologic formation that contains sufficient
7 saturated material to be capable of storing water and transmitting water in
8 usable quantities to a well.

9 2. "Area of impact" means, as projected on the land surface, the
10 area where the stored water has migrated or is located.

11 3. "CERCLA" means the comprehensive environmental response,
12 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
13 2767; 42 United States Code sections 9601 through 9657), commonly known as
14 "superfund".

15 4. "Constructed underground storage facility" means a facility that
16 meets the requirements of section 45-811.01 and that is designed and
17 constructed to store water underground pursuant to permits issued under
18 this chapter.

19 5. "District" means a groundwater replenishment district established
20 under title 48, chapter 27.

21 6. "District member" means a member of the groundwater replenishment
22 district as provided by title 48, chapter 27.

23 7. "Electrical district" means a corporate body established pursuant
24 to title 48, chapter 12.

25 8. "Existing effluent managed underground storage facility" means a
26 managed underground storage facility that meets one of the following
27 conditions:

28 (a) The facility is operated pursuant to a storage facility permit
29 that the director issued before January 1, 2019 and that authorizes the
30 storage of effluent at the facility.

1 (b) The facility is operated pursuant to a renewed or modified
2 storage facility permit that the director issued after January 1, 2019 if
3 the facility qualified as an existing effluent managed underground storage
4 facility under subdivision (a), (c) or (d) of this paragraph at any time
5 before the renewal or modification.

6 (c) The facility is operated pursuant to a permit that the director
7 issued after January 1, 2019 and that authorizes the storage of effluent at
8 a location where the permit holder was authorized to store effluent
9 pursuant to a storage facility permit that the director issued before
10 January 1, 2019.

11 (d) The facility is operated pursuant to a permit that the director
12 issued after January 1, 2019 and that authorizes the storage of effluent at
13 the facility, and the application to operate the facility was on file with
14 the director as of January 1, 2019.

15 9. "Groundwater savings facility" means a facility that meets the
16 requirements of section 45-812.01 in an active management area or an
17 irrigation non-expansion area at which groundwater withdrawals are
18 eliminated or reduced by recipients who use in lieu water on a
19 gallon-for-gallon substitute basis for groundwater that otherwise would
20 have been pumped from within that active management area or irrigation
21 non-expansion area.

22 10. "In lieu water" means water that is delivered by a storer to a
23 groundwater savings facility pursuant to permits issued under this chapter
24 and that is used in an active management area or an irrigation
25 non-expansion area by the recipient on a gallon-for-gallon substitute basis
26 for groundwater that otherwise would have been pumped from within that
27 active management area or irrigation non-expansion area.

28 11. "Long-term storage account" means an account established
29 pursuant to section 45-852.01.

30 12. "Long-term storage credit" means stored water that meets the
31 requirements of section 45-852.01 and that has been credited to a long-term
32 storage account.

1 13. "Managed underground storage facility" means a facility that
2 meets the requirements of section 45-811.01 and that is designed and
3 managed to utilize the natural channel of a stream to store water
4 underground pursuant to permits issued under this chapter through
5 artificial and controlled releases of water other than surface water
6 naturally present in the stream. Surface water flowing in its natural
7 channel is not a managed underground storage facility.

8 14. "Master replenishment account" means an account established
9 pursuant to section 45-858.01 for a groundwater replenishment district.

10 15. "Recipient" means a person who receives in lieu water for use at
11 a groundwater savings facility.

12 16. "Recoverable amount" means the amount of water, as determined by
13 the director, that will reach the aquifer through water storage.

14 17. "Replenishment" means the storage of water or use of long-term
15 storage credits by a groundwater replenishment district to fulfill its
16 duties under title 48, chapter 27, article 3, by a multi-county water
17 conservation district to fulfill its duties under title 48, chapter 22,
18 article 4 or by an active management area water district to fulfill its
19 duties under title 48, chapter 28, article 7.

20 18. "Reserve target" has the same meaning prescribed in section
21 48-3701.

22 19. "Storage facility" means a groundwater savings facility or an
23 underground storage facility.

24 20. "Stored water" means water that has been stored or saved
25 underground pursuant to a storage permit issued under this chapter.

26 21. "Storer" means the holder of a water storage permit issued
27 pursuant to section 45-831.01 or a person to whom a water storage permit
28 has been conveyed pursuant to section 45-831.01, subsection F.

29 22. "Underground storage facility" means a constructed underground
30 storage facility or a managed underground storage facility.

1 23. "Water that cannot reasonably be used directly" means water that
2 the storer cannot reasonably put to a direct use during the calendar year,
3 including:

4 (a) Except as provided in subdivision (b) OR (j) OF THIS PARAGRAPH
5 or except for an agricultural improvement district as provided in
6 subdivision (d) OF THIS PARAGRAPH, if the storer is a municipal provider,
7 the amount of central Arizona project water that exceeds the amount of
8 mined groundwater withdrawn during the calendar year by the storer in the
9 active management area in which the storer's service area is located. If
10 the storer withdrew mined groundwater during a calendar year in which the
11 storer stored central Arizona project water underground pursuant to the
12 storage permit, the amount of central Arizona project water stored
13 underground during that year equal to the amount of mined groundwater
14 withdrawn from the active management area in which the storer's service
15 area is located shall not be credited to the storer's long-term storage
16 account but may be considered as being available for recovery by the storer
17 on an annual basis under section 45-851.01. In calculating the amount of
18 mined groundwater withdrawn by the storer from the active management area,
19 the director, at the request of the storer, shall exclude any groundwater
20 withdrawn, treated and delivered for direct use as part of a remedial
21 action undertaken pursuant to CERCLA or title 49, chapter 2,
22 article 5. For the purposes of this subdivision, "mined groundwater" and
23 "municipal provider" have the same meanings prescribed in section 45-561.

24 (b) If the storer is a municipal provider that has been designated
25 as having an assured water supply pursuant to section 45-576, the amount of
26 central Arizona project water that exceeds the amount of deficit
27 groundwater withdrawn during the calendar year by the storer in the active
28 management area in which the storer's service area is located. If the
29 storer withdrew deficit groundwater during a calendar year in which the
30 storer stored central Arizona project water underground pursuant to the
31 storage permit, the amount of the central Arizona project water stored
32 underground during that year equal to the amount of deficit groundwater

1 withdrawn from the active management area in which the storer's service
2 area is located shall not be credited to the storer's long-term storage
3 account but may be considered as being available for recovery by the storer
4 on an annual basis pursuant to section 45-851.01. In calculating the
5 amount of deficit groundwater withdrawn by the storer from the active
6 management area, the director, at the request of the storer, shall exclude
7 any groundwater withdrawn, treated and delivered for direct use as part of
8 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,
9 article 5. For the purposes of this subdivision, "municipal provider" has
10 the same meaning prescribed in section 45-561 and "deficit groundwater"
11 means that amount of groundwater withdrawn within an active management area
12 for delivery and use within a service area by a municipal provider in
13 excess of the amount of groundwater that may be withdrawn by the municipal
14 provider consistent with the achievement of the active management area's
15 management goals as prescribed by rules adopted by the director pursuant to
16 section 45-576.

17 (c) Except as provided in subdivision (d) **OF THIS PARAGRAPH**, if the
18 storer is not a municipal provider, the amount of central Arizona project
19 water stored in an active management area that exceeds the amount of
20 groundwater withdrawn during the calendar year by the storer in that active
21 management area. If the storer withdrew groundwater in an active
22 management area during a calendar year in which the storer stored central
23 Arizona project water underground in that active management area pursuant
24 to the storage permit, the amount of central Arizona project water stored
25 underground during that year equal to the amount of groundwater withdrawn
26 from the active management area shall not be credited to the storer's
27 long-term storage account but may be considered as being available for
28 recovery by the storer on an annual basis under section 45-851.01. For the
29 purposes of this subdivision, "municipal provider" has the same meaning
30 prescribed in section 45-561. In calculating the amount of groundwater
31 withdrawn by the storer from the active management area, the director, at
32 the request of the storer, shall exclude:

1 (i) The amount of groundwater withdrawn, treated and delivered for
2 direct use as part of a remedial action undertaken pursuant to CERCLA or
3 title 49, chapter 2, article 5.

4 (ii) The amount of groundwater withdrawn by the storer during the
5 year for mineral extraction and metallurgical processing and delivered
6 during that year for direct use to an irrigation district that is
7 established pursuant to title 48, chapter 19 and that is located in the
8 same active management area from which the amount of groundwater was
9 withdrawn to the extent that the irrigation district or its customers
10 demonstrate a reduction in the amount of groundwater that they otherwise
11 would have withdrawn during that year within the irrigation district.

12 (iii) The amount of groundwater withdrawn by the storer during the
13 year for mineral extraction or metallurgical processing if the storer was
14 engaged in mineral extraction and metallurgical processing within an
15 initial active management area on or before January 1, 2011.

16 (d) The amount of central Arizona project water stored in an active
17 management area in any year after 1994 by an agricultural improvement
18 district established pursuant to title 48, chapter 17 for use at those
19 portions of electrical generating facilities that are constructed or
20 expanded after June 12, 1980, subject to both of the following:

21 (i) If groundwater was used during a year in an active management
22 area at those portions of the electrical generating facilities that were
23 owned and operated by the agricultural improvement district and that were
24 constructed or expanded after June 12, 1980, the amount of the central
25 Arizona project water stored during that year equal to the amount of the
26 groundwater withdrawn during the year for use at those portions of the
27 facilities that were owned and operated by the agricultural improvement
28 district and that were constructed or expanded after June 12, 1980 shall
29 not be credited to the agricultural improvement district's long-term
30 storage account but may be considered as being available for recovery by
31 the agricultural improvement district on an annual basis under section
32 45-851.01.

1 (ii) Long-term storage credits accrued as a result of the storage of
2 the central Arizona project water may be recovered within the active
3 management area by the agricultural improvement district only for the
4 purpose of providing central Arizona project water to electrical generating
5 facilities that were owned and operated by the agricultural improvement
6 district and only pursuant to any water requirement included in a
7 facility's certificate of environmental compatibility. Subject to section
8 45-854.01, the long-term storage credits may be assigned by the
9 agricultural improvement district only to the owner of an electrical
10 generating facility for use pursuant to any water requirement included in
11 that facility's certificate of environmental compatibility.

12 (e) Surface water made available by dams constructed or modified
13 after August 13, 1986.

14 (f) Effluent.

15 (g) If the storage facility is in an active management area, water
16 from outside the active management area that would not have reached the
17 active management area without the efforts of the storer.

18 (h) If the storage facility is outside of an active management area,
19 water from outside the groundwater basin in which the storage facility is
20 located that would not have reached the groundwater basin without the
21 efforts of the storer.

22 (i) Water that is delivered through the central Arizona project and
23 that is acquired by the Arizona water banking authority.

24 (j) TREATED PROCESS WATER THAT IS STORED BY A FOOD OR BEVERAGE
25 MANUFACTURER IF THE WATER IS STORED ON THE SITE WHERE THE WATER WAS USED
26 BEFORE TREATMENT.

27 24. "Water storage" means adding water to an aquifer or saving water
28 in an aquifer pursuant to permits issued under this chapter.

29 25. "Water storage permit" means a permit issued pursuant to section
30 45-831.01 to store water at a storage facility.

1 Sec. 4. Section 45-802.01, Arizona Revised Statutes, as amended by
2 Laws 2019, chapter 1, section 10, is amended to read:

3 45-802.01. Definitions

4 Unless the context otherwise requires, the terms defined in section
5 45-402 have the same meanings in this chapter and:

6 1. "Aquifer" means a geologic formation that contains sufficient
7 saturated material to be capable of storing water and transmitting water in
8 usable quantities to a well.

9 2. "Area of impact" means, as projected on the land surface, the
10 area where the stored water has migrated or is located.

11 3. "CERCLA" means the comprehensive environmental response,
12 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
13 2767; 42 United States Code sections 9601 through 9657), commonly known as
14 "superfund".

15 4. "Constructed underground storage facility" means a facility that
16 meets the requirements of section 45-811.01 and that is designed and
17 constructed to store water underground pursuant to permits issued under
18 this chapter.

19 5. "District" means a groundwater replenishment district established
20 under title 48, chapter 27.

21 6. "District member" means a member of the groundwater replenishment
22 district as provided by title 48, chapter 27.

23 7. "Electrical district" means a corporate body established pursuant
24 to title 48, chapter 12.

25 8. "Existing effluent managed underground storage facility" means a
26 managed underground storage facility that meets one of the following
27 conditions:

28 (a) The facility is operated pursuant to a storage facility permit
29 that the director issued before January 1, 2019 and that authorizes the
30 storage of effluent at the facility.

1 (b) The facility is operated pursuant to a renewed or modified
2 storage facility permit that the director issued after January 1, 2019 if
3 the facility qualified as an existing effluent managed underground storage
4 facility under subdivision (a), (c) or (d) of this paragraph at any time
5 before the renewal or modification.

6 (c) The facility is operated pursuant to a permit that the director
7 issued after January 1, 2019 and that authorizes the storage of effluent at
8 a location where the permit holder was authorized to store effluent
9 pursuant to a storage facility permit that the director issued before
10 January 1, 2019.

11 (d) The facility is operated pursuant to a permit that the director
12 issued after January 1, 2019 and that authorizes the storage of effluent at
13 the facility, and the application to operate the facility was on file with
14 the director as of January 1, 2019.

15 9. "Groundwater savings facility" means a facility that meets the
16 requirements of section 45-812.01 in an active management area or an
17 irrigation non-expansion area at which groundwater withdrawals are
18 eliminated or reduced by recipients who use in lieu water on a
19 gallon-for-gallon substitute basis for groundwater that otherwise would
20 have been pumped from within that active management area or irrigation
21 non-expansion area.

22 10. "In lieu water" means water that is delivered by a storer to a
23 groundwater savings facility pursuant to permits issued under this chapter
24 and that is used in an active management area or an irrigation
25 non-expansion area by the recipient on a gallon-for-gallon substitute basis
26 for groundwater that otherwise would have been pumped from within that
27 active management area or irrigation non-expansion area.

28 11. "Long-term storage account" means an account established
29 pursuant to section 45-852.01.

30 12. "Long-term storage credit" means stored water that meets the
31 requirements of section 45-852.01 and that has been credited to a long-term
32 storage account.

1 13. "Managed underground storage facility" means a facility that
2 meets the requirements of section 45-811.01 and that is designed and
3 managed to utilize the natural channel of a stream to store water
4 underground pursuant to permits issued under this chapter through
5 artificial and controlled releases of water other than surface water
6 naturally present in the stream. Surface water flowing in its natural
7 channel is not a managed underground storage facility.

8 14. "Master replenishment account" means an account established
9 pursuant to section 45-858.01 for a groundwater replenishment district.

10 15. "Recipient" means a person who receives in lieu water for use at
11 a groundwater savings facility.

12 16. "Recoverable amount" means the amount of water, as determined by
13 the director, that will reach the aquifer through water storage.

14 17. "Replenishment" means the storage of water or use of long-term
15 storage credits by a groundwater replenishment district to fulfill its
16 duties under title 48, chapter 27, article 3, by a multi-county water
17 conservation district to fulfill its duties under title 48, chapter 22,
18 article 4 or by an active management area water district to fulfill its
19 duties under title 48, chapter 28, article 7.

20 18. "Reserve target" has the same meaning prescribed in section
21 48-3701.

22 19. "Storage facility" means a groundwater savings facility or an
23 underground storage facility.

24 20. "Stored water" means water that has been stored or saved
25 underground pursuant to a storage permit issued under this chapter.

26 21. "Storer" means the holder of a water storage permit issued
27 pursuant to section 45-831.01 or a person to whom a water storage permit
28 has been conveyed pursuant to section 45-831.01, subsection F.

29 22. "Underground storage facility" means a constructed underground
30 storage facility or a managed underground storage facility.

1 23. "Water that cannot reasonably be used directly" means water that
2 the storer cannot reasonably put to a direct use during the calendar year,
3 including:

4 (a) Except as provided in subdivision (b) OR (j) OF THIS PARAGRAPH
5 or except for an agricultural improvement district as provided in
6 subdivision (d) OF THIS PARAGRAPH, if the storer is a municipal provider,
7 the amount of central Arizona project water that exceeds the amount of
8 mined groundwater withdrawn during the calendar year by the storer in the
9 active management area in which the storer's service area is located. If
10 the storer withdrew mined groundwater during a calendar year in which the
11 storer stored central Arizona project water underground pursuant to the
12 storage permit, the amount of central Arizona project water stored
13 underground during that year equal to the amount of mined groundwater
14 withdrawn from the active management area in which the storer's service
15 area is located shall not be credited to the storer's long-term storage
16 account but may be considered as being available for recovery by the storer
17 on an annual basis under section 45-851.01. In calculating the amount of
18 mined groundwater withdrawn by the storer from the active management area,
19 the director, at the request of the storer, shall exclude any groundwater
20 withdrawn, treated and delivered for direct use as part of a remedial
21 action undertaken pursuant to CERCLA or title 49, chapter 2,
22 article 5. For the purposes of this subdivision, "mined groundwater" and
23 "municipal provider" have the same meanings prescribed in section 45-561.

24 (b) If the storer is a municipal provider that has been designated
25 as having an assured water supply pursuant to section 45-576, the amount of
26 central Arizona project water that exceeds the amount of deficit
27 groundwater withdrawn during the calendar year by the storer in the active
28 management area in which the storer's service area is located. If the
29 storer withdrew deficit groundwater during a calendar year in which the
30 storer stored central Arizona project water underground pursuant to the
31 storage permit, the amount of the central Arizona project water stored
32 underground during that year equal to the amount of deficit groundwater

1 withdrawn from the active management area in which the storer's service
2 area is located shall not be credited to the storer's long-term storage
3 account but may be considered as being available for recovery by the storer
4 on an annual basis pursuant to section 45-851.01. In calculating the
5 amount of deficit groundwater withdrawn by the storer from the active
6 management area, the director, at the request of the storer, shall exclude
7 any groundwater withdrawn, treated and delivered for direct use as part of
8 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,
9 article 5. For the purposes of this subdivision, "municipal provider" has
10 the same meaning prescribed in section 45-561 and "deficit groundwater"
11 means that amount of groundwater withdrawn within an active management area
12 for delivery and use within a service area by a municipal provider in
13 excess of the amount of groundwater that may be withdrawn by the municipal
14 provider consistent with the achievement of the active management area's
15 management goals as prescribed by rules adopted by the director pursuant to
16 section 45-576.

17 (c) Except as provided in subdivision (d) [OF THIS PARAGRAPH](#), if the
18 storer is not a municipal provider, the amount of central Arizona project
19 water stored in an active management area that exceeds the amount of
20 groundwater withdrawn during the calendar year by the storer in that active
21 management area. If the storer withdrew groundwater in an active
22 management area during a calendar year in which the storer stored central
23 Arizona project water underground in that active management area pursuant
24 to the storage permit, the amount of central Arizona project water stored
25 underground during that year equal to the amount of groundwater withdrawn
26 from the active management area shall not be credited to the storer's
27 long-term storage account but may be considered as being available for
28 recovery by the storer on an annual basis under section 45-851.01. For the
29 purposes of this subdivision, "municipal provider" has the same meaning
30 prescribed in section 45-561. In calculating the amount of groundwater
31 withdrawn by the storer from the active management area, the director, at
32 the request of the storer, shall exclude:

1 (i) The amount of any groundwater withdrawn, treated and delivered
2 for direct use as part of a remedial action undertaken pursuant to CERCLA
3 or title 49, chapter 2, article 5.

4 (ii) The amount of groundwater withdrawn by the storer during the
5 year for mineral extraction or metallurgical processing if the storer was
6 engaged in mineral extraction and metallurgical processing within an
7 initial active management area on or before January 1, 2011.

8 (d) The amount of central Arizona project water stored in an active
9 management area in any year after 1994 by an agricultural improvement
10 district established pursuant to title 48, chapter 17 for use at those
11 portions of electrical generating facilities that are constructed or
12 expanded after June 12, 1980, subject to both of the following:

13 (i) If groundwater was used during a year in an active management
14 area at those portions of the electrical generating facilities that were
15 owned and operated by the agricultural improvement district and that were
16 constructed or expanded after June 12, 1980, the amount of the central
17 Arizona project water stored during that year equal to the amount of the
18 groundwater withdrawn during the year for use at those portions of the
19 facilities that were owned and operated by the agricultural improvement
20 district and that were constructed or expanded after June 12, 1980 shall
21 not be credited to the agricultural improvement district's long-term
22 storage account but may be considered as being available for recovery by
23 the agricultural improvement district on an annual basis under section
24 45-851.01.

25 (ii) Long-term storage credits accrued as a result of the storage of
26 the central Arizona project water may be recovered within the active
27 management area by the agricultural improvement district only for the
28 purpose of providing central Arizona project water to electrical generating
29 facilities that were owned and operated by the agricultural improvement
30 district and only pursuant to any water requirement included in a
31 facility's certificate of environmental compatibility. Subject to section
32 45-854.01, the long-term storage credits may be assigned by the

1 agricultural improvement district only to the owner of an electrical
2 generating facility for use pursuant to any water requirement included in
3 that facility's certificate of environmental compatibility.

4 (e) Surface water made available by dams constructed or modified
5 after August 13, 1986.

6 (f) Effluent.

7 (g) If the storage facility is in an active management area, water
8 from outside the active management area that would not have reached the
9 active management area without the efforts of the storer.

10 (h) If the storage facility is outside of an active management area,
11 water from outside the groundwater basin in which the storage facility is
12 located that would not have reached the groundwater basin without the
13 efforts of the storer.

14 (i) Water that is delivered through the central Arizona project and
15 that is acquired by the Arizona water banking authority.

16 (j) TREATED PROCESS WATER THAT IS STORED BY A FOOD OR BEVERAGE
17 MANUFACTURER IF THE WATER IS STORED ON THE SITE WHERE THE WATER WAS USED
18 BEFORE TREATMENT.

19 24. "Water storage" means adding water to an aquifer or saving water
20 in an aquifer pursuant to permits issued under this chapter.

21 25. "Water storage permit" means a permit issued pursuant to section
22 45-831.01 to store water at a storage facility.

23 Sec. 5. Section 45-831.01, Arizona Revised Statutes, is amended to
24 read:

25 45-831.01. Water storage permits

26 A. A person may apply to the director for a water storage permit and
27 may store water at a storage facility only pursuant to a water storage
28 permit.

29 B. The director may issue a water storage permit to store water at a
30 storage facility if the director determines that all of the following
31 apply:

1 1. The applicant has a right to use the proposed source of
2 water. Any determination made by the director for purposes of this
3 subsection regarding the validity, nature, extent or relative priority of a
4 water right claimed by the applicant or another person is not binding in
5 any other administration proceeding or in any judicial proceeding.

6 2. The applicant has applied for any water quality permit required
7 by the department of environmental quality under title 49, chapter 2,
8 article 3 and by federal law.

9 3. The water storage will occur at a permitted storage facility.

10 4. IF THE WATER TO BE STORED IS TREATED PROCESS WATER, THE STORER IS
11 A FOOD OR BEVERAGE MANUFACTURER THAT IS STORING THE WATER AT A CONSTRUCTED
12 UNDERGROUND STORAGE FACILITY AT THE SITE WHERE THE WATER WAS USED BEFORE
13 TREATMENT.

14 C. In addition to the requirements of subsection B of this section,
15 if the applicant has applied for a water storage permit to store water at a
16 groundwater savings facility, the director shall not issue the water
17 storage permit unless the applicant has agreed in writing to comply with
18 the plan by which the quantity of groundwater saved at the facility will be
19 proved each year.

20 D. If the director issues a water storage permit, the director may
21 make, if possible, the following determinations:

22 1. Whether the water to be stored is water that cannot reasonably be
23 used directly by the applicant and otherwise meets the requirements of
24 section 45-852.01 for long-term storage credits.

25 2. If use of the water to be stored is appurtenant to a particular
26 location, and if so, where the water may be legally used after
27 recovery. Any determination made by the director for purposes of this
28 subsection regarding the validity, nature, extent or relative priority of a
29 water right claimed by the applicant or another person is not binding in
30 any other administrative proceeding or in any judicial proceeding.

1 E. The director may issue a water storage permit for a period of not
2 more than fifty years, except that:

3 1. On request of the holder of the permit, the director may renew
4 the permit if the director determines that the requirements of subsection B
5 of this section apply and, if the requirement of subsection C of this
6 section applied at the time of issuance, that the requirement of subsection
7 C of this section applies at the time of renewal.

8 2. Subject to the provisions of this chapter, the holder of
9 long-term storage credits earned pursuant to the permit may recover the
10 water over a period longer than the duration of the permit.

11 F. The holder of a water storage permit may apply to the director
12 for approval to convey the permit to another person. The director may
13 approve the conveyance if the director determines that the person to whom
14 the permit is to be conveyed and the water storage will continue to meet
15 the applicable requirements of this section. If long-term storage credits
16 accrued pursuant to the water storage permit are being assigned pursuant to
17 section 45-854.01 with the water storage permit, the director shall be
18 given notice of the impending assignment of long-term storage credits at
19 the time the holder of the water storage permit applies to convey the
20 permit.

21 G. A person who holds a water storage permit may apply to the
22 director on a form approved by the director for a modification of that
23 water storage permit. The director may modify the permit within twenty
24 days ~~of~~ AFTER receiving the application without complying with section
25 45-871.01 if all of the following apply:

26 1. The holder of the storage facility permit with which the water
27 storage permit is affiliated has consented to the modification.

28 2. The modification to the water storage permit does not require a
29 modification of the affiliated water storage facility permit.

30 3. The only modification requested is to add an amount of Colorado
31 river water as a type of water to be stored under the water storage permit.

1 4. Water storage of Colorado river water has previously been
2 permitted at the affiliated storage facility.

3 5. The person requesting the modification has the right to use the
4 Colorado river water.

5 H. A water storage permit shall include the following information:

6 1. The name and mailing address of the person to whom the permit is
7 issued.

8 2. The storage facility where the water storage will occur and the
9 name of the active management area, irrigation non-expansion area,
10 groundwater basin or groundwater ~~sub-basin~~ SUBBASIN, as applicable, in
11 which that facility is located.

12 3. The maximum annual amount of water that may be stored.

13 4. If the applicable finding of subsection D of this section has
14 been made, whether the water to be stored is water that cannot reasonably
15 be used directly by the applicant.

16 5. If the applicable finding of subsection D of this section has
17 been made, any restrictions on where the water to be stored may legally be
18 used.

19 6. Other conditions consistent with this chapter.

20 7. The duration of the permit.

21 I. If the water storage will occur at a groundwater savings
22 facility, the water storage permit shall include, in addition to the
23 information required by subsection H of this section, the requirements of
24 the plan by which the quantity of groundwater saved at the storage facility
25 will be proved each year.

26 J. If the director of the department of water resources decides to
27 issue a water storage permit and the applicant has not received a water
28 quality permit required by the department of environmental quality under
29 title 49, chapter 2, article 3 and by federal law, the director of the
30 department of water resources shall make receipt of the water quality
31 permit a condition of the water storage permit and the holder of the water

1 storage permit shall not store water until receiving the water quality
2 permit.

3 Sec. 6. Section 45-832.01, Arizona Revised Statutes, is amended to
4 read:

5 45-832.01. Use of stored water

6 A. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, water that
7 has been stored pursuant to a water storage permit may be used or exchanged
8 only in the manner in which it was permissible to use or exchange the water
9 before it was stored.

10 B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, water that
11 has been stored pursuant to a water storage permit may be used only in the
12 location in which it was permissible to use the water before it was stored.

13 C. TREATED PROCESS WATER THAT HAS BEEN STORED PURSUANT TO A WATER
14 STORAGE PERMIT MAY BE USED ONLY BY THE STORER FOR A NONIRRIGATION USE AT
15 THE SAME SITE WHERE THE WATER WAS STORED.

16 ~~D.~~ D. Water that has been stored pursuant to a water storage permit
17 may be used for replenishment purposes only in the active management area
18 in which the water is stored, unless the water is recovered and transported
19 to another active management area.

20 ~~E.~~ E. Stored water may be used only as follows:

21 1. The water may be recovered by the storer and used on an annual
22 basis in accordance with section 45-851.01.

23 2. The water may be credited to the storer's long-term storage
24 account, if the water meets the requirements of section 45-852.01, and the
25 long-term storage credits may be used in accordance with ~~the provisions of~~
26 this chapter.

27 3. A district that is storing water may have the stored water
28 credited to its master replenishment account, if the water would meet the
29 requirements of long-term storage credits as prescribed by section
30 45-852.01.

1 4. A conservation district that is storing water may have the stored
2 water credited to its conservation district account, if the water would
3 meet the requirements of long-term storage credits as prescribed by section
4 45-852.01.

5 5. A water district that is storing water may have the stored water
6 credited to its water district account, if the water would meet the
7 requirements of long-term storage credits as prescribed by section
8 45-852.01.

9 Sec. 7. Section 45-834.01, Arizona Revised Statutes, is amended to
10 read:

11 45-834.01. Recovery of stored water; recovery well permit;
12 emergency temporary recovery well permit; well
13 construction

14 A. A person who holds long-term storage credits or who may recover
15 water on an annual basis may recover the water stored pursuant to a water
16 storage permit only:

17 1. If the person seeking to recover stored water has applied for and
18 received a recovery well permit under this article.

19 2. For water stored within an active management area, if one of the
20 following applies:

21 (a) The proposed recovery well is located within the area of impact
22 of the stored water, as determined by the director, and either the person
23 recovering the water is the storer or the stored water to be recovered is
24 Colorado river water. If the stored water to be recovered is effluent that
25 is stored in a managed underground storage facility and if the proposed
26 recovery well is not an already constructed well owned by the person
27 recovering the water and is located within the exterior boundaries of the
28 service area of a city, town, private water company or irrigation district,
29 that city, town, private water company or irrigation district must be
30 notified by the person recovering the stored water and must have the right
31 to offer to recover the water stored on behalf of that person. If the
32 city, town, private water company or irrigation district offers to recover

1 the water on behalf of the person seeking recovery and the water that is
2 offered for recovery is of comparable quality to the water that the person
3 could recover, the person seeking to recover the water shall consider
4 accepting the best offer from the city, town, private water company or
5 irrigation district overlying the area of impact that has offered to
6 recover the stored water.

7 (b) The proposed recovery well is located outside the area of impact
8 of the stored water, as determined by the director, and all of the
9 following apply:

10 (i) The proposed recovery well is located within the same active
11 management area as storage.

12 (ii) The director determines that recovery at the proposed location
13 is consistent with the management plan and achievement of the management
14 goal for the active management area.

15 (iii) If the proposed recovery well is located within the exterior
16 boundaries of the service area of a city, town, private water company or
17 irrigation district, that city, town, private water company or irrigation
18 district is the person seeking to recover the water or has consented to the
19 location of the recovery well.

20 (iv) If the proposed recovery well is located outside, but within
21 three miles of, the exterior boundaries of the service area of a city,
22 town, private water company or irrigation district, the closest city, town,
23 private water company or irrigation district has consented to the location
24 of the recovery well.

25 (c) The proposed recovery well is located within the area of impact
26 of the stored water, as determined by the director, the person recovering
27 the water is not the storer, the stored water to be recovered is not
28 Colorado river water and all of the conditions prescribed by subdivision
29 (b), items (i) through (iv) of this paragraph are met.

1 3. For water stored outside of an active management area, if
2 recovery will occur within the same irrigation non-expansion area,
3 groundwater basin or groundwater sub-basin, as applicable, in which the
4 water was stored.

5 4. FOR TREATED PROCESS WATER, IF RECOVERY IS WITHIN THE AREA OF
6 IMPACT OF THE STORED WATER.

7 B. Before recovering from any well water stored pursuant to a water
8 storage permit, a person shall apply for and receive a recovery well permit
9 from the director. The director shall issue the recovery well permit if
10 the director determines that:

11 1. If the application is for a new well, as defined in section
12 45-591, or except as provided in paragraphs 2 and 3 of this subsection for
13 an existing well, as defined in section 45-591, the proposed recovery of
14 stored water will not unreasonably increase damage to surrounding land or
15 other water users from the concentration of wells. The director shall make
16 this determination pursuant to rules adopted by the director.

17 2. If the applicant is a city, town, private water company or
18 irrigation district in an active management area and the application is for
19 an existing well within the service area of the city, town, private water
20 company or irrigation district, the applicant has a right to use the
21 existing well.

22 3. If the applicant is a conservation district and the application
23 is for an existing well within the conservation district and within the
24 groundwater basin or sub-basin in which the stored water is located, the
25 applicant has a right to use the existing well.

26 C. A city, town, private water company or irrigation district in an
27 active management area may apply with a single application to the director
28 to have all existing wells, as defined in section 45-591, that the
29 applicant has the right to use within its service area listed as recovery
30 wells on the recovery well permit, if those wells otherwise meet the
31 requirements of this section.

1 D. If the applicant is a conservation district, the director may
2 issue an emergency temporary recovery well permit without complying with
3 section 45-871.01, subsection F if the director determines that all of the
4 following apply:

5 1. The conservation district cannot reasonably continue to supply
6 central Arizona project water directly to a city, town, private water
7 company or irrigation district due to an unplanned failure of a portion of
8 the central Arizona project delivery system.

9 2. The emergency temporary recovery well permit is necessary to
10 allow the conservation district to provide immediate delivery of
11 replacement water to the city, town, private water company or irrigation
12 district.

13 3. The application is for an existing well as defined in section
14 45-591 that is within the groundwater basin or groundwater sub-basin in
15 which the stored water is located, is within the conservation district and
16 is within the service area of the city, town, private water company or
17 irrigation district.

18 E. An emergency temporary recovery well permit issued pursuant to
19 subsection D of this section may be issued for a period of up to ninety
20 days and may be extended for additional ninety day periods if the director
21 determines that the conditions prescribed in subsection D of this section
22 continue to apply.

23 F. If the application for a recovery well permit is approved, the
24 director shall issue a permit and the applicant may proceed to construct or
25 use the well. If the application is rejected, the applicant shall not
26 proceed to construct or use the well. A new well shall be completed within
27 one year of receipt of the permit, unless the director in granting the
28 permit approves a longer period to complete the well. If the well is not
29 completed within one year or the longer period approved by the director,
30 the applicant shall file a new application before proceeding with
31 construction.

1 G. A recovery well permit shall include the following information:

2 1. The name and mailing address of the person to whom the permit is
3 issued.

4 2. The legal description of the location of the existing well or
5 proposed new well from which stored water may be recovered pursuant to the
6 permit.

7 3. The purpose for which the stored water will be recovered.

8 4. The depth and diameter of the existing well or proposed new well
9 from which stored water may be recovered pursuant to the permit.

10 5. The legal description of the land on which the stored water will
11 be used.

12 6. The maximum pumping capacity of the existing well or proposed new
13 well.

14 7. If the permit is for a proposed new well, the latest date for
15 completing the proposed new well.

16 8. Any other information as the director may determine.

17 Sec. 8. Section 45-854.01, Arizona Revised Statutes, is amended to
18 read:

19 45-854.01. Assignability of long-term storage credits

20 A. Except as provided in SUBSECTION D OF THIS SECTION AND section
21 45-855.01, subsection C, the holder of long-term storage credits may assign
22 by grant, gift, sale, lease or exchange all or part of the holder's
23 long-term storage credits.

24 B. Except as provided in subsection C of this section, an assignment
25 of long-term storage credits from one person to another is valid on receipt
26 by the director of notification of the assignment in writing on a form that
27 is provided by the director and that has been signed by both the assignor
28 and assignee.

29 C. The director may reject and invalidate any assignment of
30 long-term storage credits in which the stored water would not have met the
31 requirements for long-term storage credits as prescribed by section
32 45-852.01 if the assignee had stored the water.

1 D. LONG-TERM STORAGE CREDITS CREATED THROUGH THE STORAGE OF TREATED
2 PROCESS WATER MAY ONLY BE ASSIGNED TO AN AFFILIATE OR SUCCESSOR OF THE
3 STORER OF THAT TREATED PROCESS WATER.

4 Sec. 9. Effective date

5 Section 45-802.01, Arizona Revised Statutes, as amended by Laws 2019,
6 chapter 1, section 10 and this act, is effective from and after
7 December 31, 2024."

8 Amend title to conform

And, as so amended, it do pass

GAIL GRIFFIN
CHAIRMAN

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