

water infrastructure financing; supply; augmentation

State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

## CHAPTER 366

# SENATE BILL 1740

AN ACT

AMENDING SECTION 41-192, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3002.09, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3027.05; REPEALING SECTION 41-3031.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-5355, 41-5356, 45-105, 45-111 AND 48-6415, ARIZONA REVISED STATUTES; REPEALING SECTIONS 49-193, 49-193.02, 49-193.03, 49-193.04 AND 49-193.05, ARIZONA REVISED STATUTES; AMENDING SECTIONS 49-1201 AND 49-1202, ARIZONA REVISED STATUTES; AMENDING SECTION 49-1203, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 63, ARTICLE 1; AMENDING TITLE 49, CHAPTER 8, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 49-1203.01; PROVIDING FOR TRANSFERRING AND RENUMBERING; AMENDING SECTION 49-1205, ARIZONA REVISED STATUTES, AS TRANSFERRED AND RENUMBERED; AMENDING TITLE 49, CHAPTER 8, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 49-1206, 49-1207, 49-1208, 49-1209, 49-1210, 49-1211, 49-1212, 49-1213, 49-1214 AND 49-1215; AMENDING TITLE 49, CHAPTER 8, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 49-1270; AMENDING SECTION 49-1271, ARIZONA REVISED STATUTES; AMENDING SECTION 49-1273, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 63, SECTION 2; AMENDING SECTION 49-1274, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 63, SECTION 3; AMENDING SECTION 49-1275, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2022, CHAPTER 63, SECTION 4; AMENDING TITLE 49, CHAPTER 8, ARIZONA REVISED STATUTES, BY ADDING ARTICLES 4 AND 5; AMENDING LAWS 2021, CHAPTER 408, SECTION 115; APPROPRIATING MONIES; RELATING TO THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-192, Arizona Revised Statutes, is amended to  
3 read:

4 41-192. Powers and duties of attorney general; restrictions  
5 on state agencies as to legal counsel; exceptions;  
6 compromise and settlement monies

7 A. The attorney general shall have charge of and direct the  
8 department of law and shall serve as chief legal officer of the state.  
9 The attorney general shall:

10 1. Be the legal advisor of the departments of this state and render  
11 such legal services as the departments require.

12 2. Establish administrative and operational policies and procedures  
13 within his department.

14 3. Approve long-range plans for developing departmental programs  
15 therein, and coordinate the legal services required by other departments  
16 of this state or other state agencies.

17 4. Represent school districts and governing boards of school  
18 districts in any lawsuit involving a conflict of interest with other  
19 county offices.

20 5. Represent political subdivisions, school districts and  
21 municipalities in suits to enforce state or federal statutes pertaining to  
22 antitrust, restraint of trade or price-fixing activities or conspiracies,  
23 if the attorney general notifies in writing the political subdivisions,  
24 school districts and municipalities of the attorney general's intention to  
25 bring any such action on ~~its~~ THEIR behalf. At any time within thirty days  
26 after the notification, ~~the political subdivisions, school districts and~~  
27 ~~municipalities~~ A POLITICAL SUBDIVISION, SCHOOL DISTRICT OR MUNICIPALITY,  
28 by formal resolution of its governing body, may withdraw the authority of  
29 the attorney general to bring the intended action on its behalf.

30 6. In any action brought by the attorney general pursuant to state  
31 or federal statutes pertaining to antitrust, restraint of trade, or  
32 price-fixing activities or conspiracies for the recovery of damages by  
33 this state or any of its political subdivisions, school districts or  
34 municipalities, in addition to the attorney general's other powers and  
35 authority, the attorney general on behalf of this state may enter into  
36 contracts relating to the investigation and prosecution of such action  
37 with any other party plaintiff who has brought a similar action for the  
38 recovery of damages and with whom the attorney general finds it  
39 advantageous to act jointly or to share common expenses or to cooperate in  
40 any manner relative to such action. In any such action, notwithstanding  
41 any other laws to the contrary, the attorney general may undertake, among  
42 other things, to render legal services as special counsel or to obtain the  
43 legal services of special counsel from any department or agency of the  
44 United States, of this state or any other state or any department or  
45 agency thereof or any county, city, public corporation or public district

1 in this state or in any other state that has brought or intends to bring a  
2 similar action for the recovery of damages or ~~their~~ ITS duly authorized  
3 legal representatives in such action.

4 7. Organize the civil rights division within the department of law  
5 and administer such division pursuant to the powers and duties provided in  
6 chapter 9 of this title.

7 8. Compile, publish and distribute to all state agencies,  
8 departments, boards, commissions and councils, and to other persons and  
9 government entities on request, at least every ten years, the Arizona  
10 agency handbook that sets forth and explains the major state laws that  
11 govern state agencies, including information on the laws relating to  
12 bribery, conflicts of interest, contracting with the government,  
13 disclosure of public information, discrimination, nepotism, financial  
14 disclosure, gifts and extra compensation, incompatible employment,  
15 political activity by employees, public access and misuse of public  
16 resources for personal gain. A supplement to the handbook reflecting  
17 revisions to the information contained in the handbook shall be compiled  
18 and distributed by the attorney general as deemed necessary.

19 B. Except as otherwise provided by law, the attorney general may:

20 1. Organize the department into such bureaus, subdivisions or units  
21 as he deems most efficient and economical, and consolidate or abolish  
22 them.

23 2. Adopt rules for the orderly conduct of the business of the  
24 department.

25 3. Subject to chapter 4, article 4 of this title, employ and assign  
26 assistant attorneys general and other employees necessary to perform the  
27 functions of the department.

28 4. Compromise or settle any action or claim by or against this  
29 state or any department, board or agency of this state. If the compromise  
30 or settlement involves a particular department, board or agency of this  
31 state, the compromise or settlement shall be first approved by the  
32 department, board or agency. If no department or agency is named or  
33 otherwise materially involved, the approval of the governor shall be first  
34 obtained.

35 5. Charge reasonable fees for distributing official publications,  
36 including attorney general legal opinions and the Arizona agency handbook.  
37 The fees received shall be transmitted to the state treasurer for deposit  
38 in the state general fund.

39 C. The powers and duties of a bureau, subdivision or unit shall be  
40 limited to those assigned by law to the department.

41 D. Notwithstanding any law to the contrary, except as provided in  
42 subsections E and F of this section, no state agency other than the  
43 attorney general shall employ legal counsel or make an expenditure or  
44 incur an indebtedness for legal services, but the following are exempt  
45 from this section:

- 1           1. The director of water resources.
- 2           2. The residential utility consumer office.
- 3           3. The industrial commission.
- 4           4. The Arizona board of regents.
- 5           5. The auditor general.
- 6           6. The corporation commissioners and the corporation commission
- 7 other than the securities division.
- 8           7. The office of the governor.
- 9           8. The constitutional defense council.
- 10          9. The office of the state treasurer.
- 11          10. The Arizona commerce authority.
- 12          11. **THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA.**
- 13          E. If the attorney general determines that he is disqualified from
- 14 providing judicial or quasi-judicial legal representation or legal
- 15 services on behalf of any state agency in relation to any matter, the
- 16 attorney general shall give written notification to the state agency
- 17 affected. If the agency has received written notification from the
- 18 attorney general that the attorney general is disqualified from providing
- 19 judicial or quasi-judicial legal representation or legal services in
- 20 relation to any particular matter, the state agency is authorized to make
- 21 expenditures and incur indebtedness to employ attorneys to provide the
- 22 representation or services.
- 23          F. If the attorney general and the director of the department of
- 24 agriculture cannot agree on the final disposition of a pesticide complaint
- 25 under section 3-368, if the attorney general and the director determine
- 26 that a conflict of interest exists as to any matter or if the attorney
- 27 general and the director determine that the attorney general does not have
- 28 the expertise or attorneys available to handle a matter, the director is
- 29 authorized to make expenditures and incur indebtedness to employ attorneys
- 30 to provide representation or services to the department with regard to
- 31 that matter.
- 32          G. Any department or agency of this state authorized by law to
- 33 maintain a legal division or incur expenses for legal services from funds
- 34 derived from sources other than the general revenue of the state, or from
- 35 any special or trust fund, shall pay from such source of revenue or
- 36 special or trust fund into the general fund of the state, to the extent
- 37 such funds are available and ~~added~~ **ON** a reimbursable basis for warrants
- 38 drawn, the amount actually expended by the department of law within
- 39 legislative appropriations for such legal division or legal services.
- 40          H. Appropriations made pursuant to subsection G of this section
- 41 shall not be subject to lapsing provisions otherwise provided by law.
- 42 Services for departments or agencies to which this subsection and
- 43 subsection F of this section are applicable shall be performed by special
- 44 or regular assistants to the attorney general.

1 I. Notwithstanding section 35-148, monies received by the attorney  
2 general from charges to state agencies and political subdivisions for  
3 legal services relating to interagency service agreements shall be  
4 deposited, pursuant to sections 35-146 and 35-147, in an attorney general  
5 agency services fund. Monies in the fund are subject to legislative  
6 appropriation and are exempt from the provisions of section 35-190  
7 relating to lapsing of appropriations.

8 J. Unless otherwise provided by law, monies received for and  
9 belonging to the state and resulting from compromises and settlements  
10 entered into pursuant to subsection B of this section, excluding  
11 restitution and reimbursement to state agencies for costs or attorney  
12 fees, shall be deposited into the state treasury and credited to the state  
13 general fund pursuant to section 35-142. Monies received for and  
14 belonging to the state and resulting from a compromise or settlement are  
15 not considered custodial, private or quasi-private monies unless  
16 specifically provided by law. On or before January 15, April 15, July 15  
17 and October 15, the attorney general shall file with the governor, with  
18 copies to the director of the department of administration, the president  
19 of the senate, the speaker of the house of representatives, the secretary  
20 of state and the staff director of the joint legislative budget committee,  
21 a full and complete account of the deposits into the state treasury made  
22 pursuant to this subsection in the previous calendar quarter. For the  
23 purposes of this subsection, "restitution" means monies intended to  
24 compensate a specific, identifiable person, including this state, for  
25 economic loss.

26 Sec. 2. Repeal

27 Section 41-3002.09, Arizona Revised Statutes, is repealed.

28 Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes,  
29 is amended by adding section 41-3027.05, to read:

30 41-3027.05. Water infrastructure finance authority of  
31 Arizona; termination July 1, 2027

32 A. THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA TERMINATES  
33 ON JULY 1, 2027.

34 B. TITLE 49, CHAPTER 8, ARTICLES 1 AND 3 AND SECTIONS 49-1224,  
35 49-1225, 49-1226, 49-1244, 49-1245, 49-1246, 49-1261, 49-1262, 49-1263,  
36 49-1264, 49-1265, 49-1266, 49-1267, 49-1268, 49-1269, 49-1301, 49-1303,  
37 49-1304, 49-1305, 49-1306, 49-1307, 49-1308, 49-1309, 49-1310, 49-1311,  
38 49-1312 AND 49-1313 ARE REPEALED ON JANUARY 1, 2028, IF THE AUTHORITY  
39 EITHER:

40 1. HAS NO OUTSTANDING CONTRACTUAL OBLIGATIONS WITH THE UNITED  
41 STATES OR ANY UNITED STATES AGENCY AND HAS NO DEBTS, OBLIGATIONS OR  
42 GUARANTEES THAT WERE ISSUED FOR THE PURPOSES OF TITLE 49, CHAPTER 8.

43 2. HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING SUCH DEBTS OR  
44 OBLIGATIONS.

1 C. IF ANY DEBT OR OBLIGATION LISTED IN SUBSECTION B OF THIS SECTION  
2 EXISTS AND NO SATISFACTORY PROVISION HAS BEEN MADE TO PAY OR RETIRE THE  
3 DEBT OR OBLIGATION, THE AUTHORITY AND STATUTES CONTINUE IN EXISTENCE UNTIL  
4 THE DEBT OR OBLIGATION IS FULLY SATISFIED.

5 Sec. 4. Repeal

6 Section 41-3031.01, Arizona Revised Statutes, is repealed.

7 Sec. 5. Section 41-5355, Arizona Revised Statutes, is amended to  
8 read:

9 41-5355. Assets; cost of operation and administration;  
10 taxation

11 A. Any monies, pledges or property issued or given to the Arizona  
12 finance authority, whether by appropriation, loan, gift or otherwise,  
13 constitute the assets of the Arizona finance authority.

14 B. This state is not responsible for any obligation incurred by the  
15 authority.

16 C. All costs and expenses of the ARIZONA FINANCE authority shall be  
17 paid from bond proceeds of bonds issued by any industrial development  
18 authority established by the Arizona finance authority or other monies of  
19 the ARIZONA FINANCE authority, and to the extent not prohibited by state  
20 or federal law or by contract, the monies of the greater Arizona  
21 development authority ~~and the water infrastructure finance authority of~~  
22 ~~Arizona~~ that are available to pay the Arizona finance authority's costs  
23 and expenses.

24 D. The authority and its income are exempt from taxation in this  
25 state.

26 Sec. 6. Section 41-5356, Arizona Revised Statutes, is amended to  
27 read:

28 41-5356. Duties of board; annual report

29 A. The board shall:

30 1. Establish an industrial development authority under title 35,  
31 chapter 5 and, notwithstanding the requirements of section 35-705, serve  
32 as the board of the industrial development authority.

33 2. Serve as the board of the greater Arizona development authority  
34 and have all powers and authority to take action on behalf of the greater  
35 Arizona development authority pursuant to chapter 18 of this title.

36 ~~3. Serve as the board of the water infrastructure finance authority~~  
37 ~~of Arizona and have all powers and authority to take action pursuant to~~  
38 ~~title 49, chapter 8 regarding water infrastructure financing.~~

39 ~~4.~~ 3. Approve the authority's budget.

40 ~~5. Establish a water and infrastructure finance authority advisory~~  
41 ~~board to advise the board of directors of the authority consisting of~~  
42 ~~relevant state agency representatives and the following additional~~  
43 ~~members:~~

44 ~~(a) One member who represents a public water system that serves~~  
45 ~~five hundred or more connections.~~

1 ~~(b) One member who represents a public water system that serves~~  
2 ~~less than five hundred connections.~~

3 ~~(c) One member who represents a sanitary district in a county with~~  
4 ~~a population of less than five hundred thousand persons.~~

5 ~~(d) One member who represents a sanitary district in a county with~~  
6 ~~a population of five hundred thousand or more persons.~~

7 ~~(e) One member who represents a city or town with a population of~~  
8 ~~less than fifty thousand persons.~~

9 ~~(f) One member who represents a city or town with a population of~~  
10 ~~fifty thousand or more persons.~~

11 ~~(g) One member who represents a county with a population of five~~  
12 ~~hundred thousand or more persons.~~

13 B. On or before October 1 of each year, the industrial development  
14 authority shall submit a report to the president of the senate, the  
15 speaker of the house of representatives and the directors of the joint  
16 legislative budget committee and the governor's office of strategic  
17 planning and budgeting regarding the authority's revenues, expenditures  
18 and program activity for the previous fiscal year.

19 Sec. 7. Section 45-105, Arizona Revised Statutes, is amended to  
20 read:

21 45-105. Powers and duties of director

22 A. The director may:

23 1. Formulate plans and develop programs for the practical and  
24 economical development, management, conservation and use of surface water,  
25 groundwater and the watersheds in this state, including the management of  
26 water quantity and quality.

27 2. Investigate works, plans or proposals pertaining to surface  
28 water and groundwater, including management of watersheds, and acquire,  
29 preserve, publish and disseminate related information the director deems  
30 advisable.

31 3. Collect and investigate information on and prepare and devise  
32 means and plans for the development, conservation and ~~utilization~~ USE of  
33 all waterways, watersheds, surface water, groundwater and groundwater  
34 basins in this state and of all related matters and subjects, including  
35 irrigation, drainage, water quality maintenance, regulation of flow,  
36 diversion of running streams adapted for development in cooperating with  
37 the United States or by this state independently, flood control,  
38 ~~utilization~~ USE of water power, prevention of soil waste and storage,  
39 conservation and development of water for every useful purpose.

40 4. Measure, survey and investigate the water resources of this  
41 state and their potential development and cooperate and contract with  
42 agencies of the United States for such purposes.

43 5. Acquire, hold and dispose of property, including land,  
44 rights-of-way, water and water rights, as necessary or convenient for the

1 performance of the groundwater and water quality management functions of  
2 the department.

3 6. Acquire, other than by condemnation, construct, improve,  
4 maintain and operate early warning systems for flood control purposes and  
5 works for the recovery, storage, treatment and delivery of water.

6 7. Accept grants, gifts or donations of money or other property  
7 from any source, which may be used for any purpose consistent with this  
8 title. All property acquired by the director is public property and is  
9 subject to the same tax exemptions, rights and privileges granted to  
10 municipalities, public agencies and other public entities.

11 8. Enter into an interagency contract or agreement with any public  
12 agency pursuant to title 11, chapter 7, article 3 and contract, act  
13 jointly or cooperate with any person to carry out the purposes of this  
14 title.

15 9. Prosecute and defend all rights, claims and privileges of this  
16 state respecting interstate streams.

17 10. Initiate and participate in conferences, conventions or  
18 hearings, including ~~meetings of the Arizona water resources advisory~~  
19 ~~board~~, congressional hearings, court hearings or hearings of other  
20 competent judicial or quasi-judicial departments, agencies or  
21 organizations, and negotiate and cooperate with agencies of the United  
22 States or of any state or government and represent this state concerning  
23 matters within the department's jurisdiction.

24 11. Apply for and hold permits and licenses from the United States  
25 or any agency of the United States for reservoirs, dam sites and  
26 rights-of-way.

27 12. Receive and review all reports, proposed contracts and  
28 agreements from and with the United States or any agencies, other states  
29 or governments or their representatives and recommend to the governor and  
30 the legislature action to be taken on such reports, proposed contracts and  
31 agreements. The director shall take action on such reports, if authorized  
32 by law, and review and coordinate the preparation of formal comments of  
33 this state on both the preliminary and final reports relating to water  
34 resource development of the United States army corps of engineers, the  
35 United States secretary of the interior and the United States secretary of  
36 agriculture, as provided for in the flood control act of 1944 (58 Stat.  
37 887; 33 United States Code section 701-1).

38 13. Contract with any person for imported water or for the  
39 acquisition of water rights or rights to withdraw, divert or use surface  
40 water or groundwater as necessary for the performance of the groundwater  
41 management functions of the director prescribed by chapter 2 of this  
42 title. If water becomes available under any contract executed under this  
43 paragraph, the director may contract with any person for its delivery or  
44 exchange for any other water available.



1           14. Recommend to the administrative heads of agencies, boards and  
2 commissions of this state, and political subdivisions of this state, rules  
3 to promote and protect the rights and interests of this state and its  
4 inhabitants in any matter relating to the surface water and groundwater in  
5 this state.

6           15. Conduct feasibility studies and remedial investigations  
7 relating to groundwater quality and enter into contracts and cooperative  
8 agreements under section 104 of the comprehensive environmental response,  
9 compensation, and liability act of 1980 (P.L. 96-510) to conduct such  
10 studies and investigations.

11           16. Dispose informally by stipulation, agreed settlement, consent  
12 order or alternative means of dispute resolution, including arbitration,  
13 if the parties and director agree, or by default of any case in which a  
14 hearing before the director is required or allowed by law.

15           17. Cooperate and coordinate with the appropriate governmental  
16 entities in Mexico regarding water planning in areas near the border  
17 between Mexico and Arizona and for the exchange of relevant hydrological  
18 information.

19           B. The director shall:

20           1. Exercise and perform all powers and duties vested in or imposed  
21 on the department and adopt and issue rules necessary to carry out the  
22 purposes of this title.

23           2. Administer all laws relating to groundwater, as provided in this  
24 title.

25           3. Be responsible for the supervision and control of reservoirs and  
26 dams of this state and, when deemed necessary, conduct investigations to  
27 determine whether the existing or anticipated condition of any dam or  
28 reservoir in this state is or may become a menace to life and property.

29           4. Coordinate and confer with and may contract with:

30           (a) The Arizona power authority, the game and fish commission, the  
31 state land department, the Arizona outdoor recreation coordinating  
32 commission, the Arizona commerce authority, the department of health  
33 services, active management area water authorities or districts and  
34 political subdivisions of this state with respect to matters within their  
35 jurisdiction relating to surface water and groundwater and the development  
36 of state water plans.

37           (b) The department of environmental quality with respect to title  
38 49, chapter 2 for its assistance in the development of state water plans.

39           (c) The department of environmental quality regarding water plans,  
40 water resource planning, water management, wells, water rights and  
41 permits, and other appropriate provisions of this title pertaining to  
42 remedial investigations, feasibility studies, site prioritization,  
43 selection of remedies and implementation of the water quality assurance  
44 revolving fund program pursuant to title 49, chapter 2, article 5.

1 (d) The department of environmental quality regarding coordination  
2 of databases that are necessary for activities conducted pursuant to title  
3 49, chapter 2, article 5.

4 5. Cooperate with the Arizona power authority in the performance of  
5 the duties and functions of the authority.

6 6. Maintain a permanent public depository for existing and future  
7 records of stream flow, groundwater levels and water quality and other  
8 data relating to surface water and groundwater.

9 7. Maintain a public docket of all matters before the department  
10 that may be subject to judicial review pursuant to this title.

11 8. Investigate and take appropriate action on any complaints  
12 alleging withdrawals, diversions, impoundments or uses of surface water or  
13 groundwater that may violate this title or the rules adopted pursuant to  
14 this title.

15 ~~9. Report to and consult with the Arizona water resources advisory~~  
16 ~~board at regular intervals.~~

17 ~~10.~~ 9. Adopt an official seal for the authentication of records,  
18 orders, rules and other official documents and actions.

19 ~~11.~~ 10. Provide staff support to the Arizona water protection fund  
20 commission established pursuant to chapter 12 of this title.

21 ~~12.~~ 11. Exercise and perform all powers and duties invested in the  
22 chairperson of the Arizona water banking authority commission as  
23 prescribed by chapter 14 of this title.

24 ~~13.~~ 12. Provide staff support to the Arizona water banking  
25 authority established pursuant to chapter 14 of this title.

26 ~~14.~~ 13. In the year following each regular general election,  
27 present information to the committees with jurisdiction over water issues  
28 in the house of representatives and the senate. A written report is not  
29 required but the presentation shall include information concerning the  
30 following:

31 (a) The current status of the water supply in this state and any  
32 likely changes in that status.

33 (b) Issues of regional and local drought effects, short-term and  
34 long-term drought management efforts and the adequacy of drought  
35 preparation throughout the state.

36 (c) The status of current water conservation programs in this  
37 state.

38 (d) The current state of each active management area and the level  
39 of progress toward management goals in each active management area.

40 (e) Issues affecting management of the Colorado river and the  
41 reliability of this state's two million eight hundred thousand acre-foot  
42 allocation of Colorado river water, including the status of water supplies  
43 in and issues related to the Colorado river basin states and Mexico.

1 (f) The status of any pending or likely litigation regarding  
2 surface water adjudications or other ~~water-related~~ WATER-RELATED  
3 litigation and the potential impacts on this state's water supplies.

4 (g) The status of Indian water rights settlements and related  
5 negotiations that affect this state.

6 (h) Other matters related to the reliability of this state's water  
7 supplies, the responsibilities of the department and the adequacy of the  
8 department's and other entities' resources to meet this state's water  
9 management needs.

10 14. NOT LATER THAN DECEMBER 1, 2023 AND ON OR BEFORE DECEMBER 1 OF  
11 EACH YEAR THEREAFTER, PREPARE AND ISSUE A WATER SUPPLY AND DEMAND  
12 ASSESSMENT FOR AT LEAST SIX OF THE FORTY-SIX GROUNDWATER BASINS  
13 ESTABLISHED PURSUANT TO SECTION 45-403. THE DIRECTOR SHALL ENSURE THAT A  
14 WATER SUPPLY AND DEMAND ASSESSMENT IS COMPLETED FOR ALL GROUNDWATER BASINS  
15 AT LEAST ONCE EVERY FIVE YEARS. THE DIRECTOR MAY CONTRACT WITH OUTSIDE  
16 ENTITIES TO PERFORM SOME OR ALL OF THE ASSESSMENTS AND THOSE OUTSIDE  
17 ENTITIES SHALL BE IDENTIFIED IN THE ASSESSMENT.

18 Sec. 8. Section 45-111, Arizona Revised Statutes, is amended to  
19 read:

20 45-111. Annual report by director

21 On or before July 1 each year the director shall render to the  
22 governor and the legislature a full and true report of the department's  
23 operations under this title. The report shall include suggestions as to  
24 amending existing laws or enacting new legislation as the director ~~and the~~  
25 ~~Arizona water resources advisory board deem~~ DEEMS necessary and such other  
26 information, suggestions and recommendations as the director considers of  
27 value to the public. The report shall be published and made available to  
28 the public.

29 Sec. 9. Section 48-6415, Arizona Revised Statutes, is amended to  
30 read:

31 48-6415. District and municipal water delivery systems in the  
32 district eligible to receive financial assistance  
33 from water supply development revolving fund

34 The district is deemed to be a water provider for the purposes of  
35 title 49, chapter 8. The district and municipal water delivery systems  
36 serving water in the district are eligible to apply for and receive  
37 financial assistance from monies in the water supply development revolving  
38 fund established under section 49-1271 ~~notwithstanding section 49-1273,~~  
39 ~~subsection C.~~

40 Sec. 10. Heading repeal

41 The article heading of title 49, chapter 1, article 8, Arizona  
42 Revised Statutes, is repealed.

43 Sec. 11. Repeal

44 Sections 49-193, 49-193.02, 49-193.03, 49-193.04 and 49-193.05,  
45 Arizona Revised Statutes, are repealed.

1           Sec. 12. Section 49-1201, Arizona Revised Statutes, is amended to  
2 read:

3           49-1201. Definitions

4           In this chapter, unless the context otherwise requires:

5           1. "Authority" means the water infrastructure finance authority of  
6 Arizona.

7           2. "Board" means the WATER INFRASTRUCTURE FINANCE AUTHORITY board  
8 ~~of directors of the Arizona finance authority~~ established by ~~title 41,~~  
9 ~~chapter 53, article 2~~ SECTION 49-1206.

10          3. "Bonds of a political subdivision" means bonds issued by a  
11 political subdivision as authorized by law.

12          4. "Clean water act" means the federal water pollution control act  
13 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water  
14 quality act of 1987 (P.L. 100-4; 101 Stat. 7).

15          5. "CONCESSION AGREEMENT" MEANS ANY LEASE, GROUND LEASE, FRANCHISE,  
16 EASEMENT, PERMIT OR OTHER BINDING AGREEMENT TRANSFERRING RIGHTS FOR THE  
17 USE OR CONTROL, IN WHOLE OR IN PART, OF WATER-RELATED FACILITIES BY THE  
18 AUTHORITY TO A PRIVATE PARTNER IN ACCORDANCE WITH THIS CHAPTER.

19          ~~5-~~ 6. "Drinking water facility":

20           (a) Means a community water system or a nonprofit noncommunity  
21 water system as defined in the safe drinking water act of 1974  
22 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110  
23 Stat. 1613) that is located in this state. ~~For purposes of this chapter,~~  
24 ~~drinking water facility~~

25           (b) Does not include water systems owned by federal agencies.

26          ~~6-~~ 7. "Financial assistance loan repayment agreement" means an  
27 agreement to repay a loan provided to design, construct, acquire,  
28 rehabilitate or improve water or wastewater infrastructure, related  
29 property and appurtenances or a loan provided to finance a water supply  
30 development project.

31          8. "IMPORTED WATER" MEANS ANY WATER THAT ORIGINATES OUTSIDE OF THIS  
32 STATE AND THAT IS MADE AVAILABLE TO WATER USERS WITHIN THIS STATE BY  
33 CONVEYANCE, EXCHANGE OR OTHERWISE THROUGH PROJECTS THAT ARE FUNDED OR  
34 FINANCED IN WHOLE OR IN PART WITH MONIES FROM THE LONG-TERM WATER  
35 AUGMENTATION FUND.

36          9. "IMPORT WATER" MEANS TO MAKE WATER ORIGINATING OUTSIDE OF THIS  
37 STATE AVAILABLE TO WATER USERS WITHIN THIS STATE BY CONVEYANCE, EXCHANGE  
38 OR OTHERWISE THROUGH PROJECTS THAT ARE FUNDED OR FINANCED IN WHOLE OR IN  
39 PART WITH MONIES FROM THE LONG-TERM WATER AUGMENTATION FUND.

40          ~~7-~~ 10. "Indian tribe" means any Indian tribe, band, group or  
41 community that is recognized by the United States secretary of the  
42 interior and that exercises governmental authority within the limits of  
43 any Indian reservation under the jurisdiction of the United States  
44 government, notwithstanding the issuance of any patent and including  
45 rights-of-way running through the reservation.

- 1           11. "LONG-TERM WATER AUGMENTATION BONDS" MEANS BONDS THAT ARE  
2 ISSUED BY THE AUTHORITY IN ACCORDANCE WITH ARTICLE 4 OF THIS CHAPTER.
- 3           12. "LONG-TERM WATER AUGMENTATION FUND" MEANS THE FUND ESTABLISHED  
4 BY SECTION 49-1302.
- 5           ~~8.~~ 13. "Nonpoint source project" means a project designed to  
6 implement a certified water quality management plan.
- 7           ~~9.~~ 14. "Political subdivision" means a county, city, town or  
8 special taxing district authorized by law to construct wastewater  
9 treatment facilities, drinking water facilities or nonpoint source  
10 projects.
- 11           15. "PRIVATE PARTNER" MEANS A PERSON, ENTITY OR ORGANIZATION THAT  
12 IS NOT THE FEDERAL GOVERNMENT, THIS STATE OR A POLITICAL SUBDIVISION OF  
13 THIS STATE.
- 14           16. "PUBLIC-PRIVATE PARTNERSHIP PROJECT" MEANS ANY WATER SUPPLY  
15 DEVELOPMENT PROJECT THAT IS THE SUBJECT OF A PUBLIC-PRIVATE PARTNERSHIP  
16 AGREEMENT IN ACCORDANCE WITH THIS CHAPTER.
- 17           ~~10.~~ 17. "Safe drinking water act" means the federal safe drinking  
18 water act of 1974 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393;  
19 P.L. 104-182; 110 Stat. 1613), as amended in 1996.
- 20           ~~11.~~ 18. "Technical assistance loan repayment agreement" means  
21 either of the following:  
22           (a) An agreement to repay a loan provided to develop, plan and  
23 design water or wastewater infrastructure, related property and  
24 appurtenances. The agreement shall be for a term of not more than three  
25 years and the maximum amount that may be borrowed is limited to not more  
26 than \$500,000.  
27           (b) An agreement to repay a loan provided to develop, plan or  
28 design a water supply development project.
- 29           ~~12.~~ 19. "Wastewater treatment facility" means a treatment works,  
30 as defined in section 212 of the clean water act, that is located in this  
31 state and that is designed to hold, cleanse or purify or to prevent the  
32 discharge of untreated or inadequately treated sewage or other polluted  
33 waters for purposes of complying with the clean water act.
- 34           ~~13.~~ 20. "Water provider" means any of the following:  
35           (a) A municipal water delivery system as defined in section  
36 42-5301.  
37           (b) A county water augmentation authority established under  
38 title 45, chapter 11.  
39           (c) A county water authority established under title 45,  
40 chapter 13.  
41           (d) An Indian tribe.  
42           (e) A community facilities district as established by title 48,  
43 chapter 4.  
44           (f) A public water system as prescribed in section 49-352.

1 (g) A county with a population of less than three hundred thousand  
2 persons.

3 (h) A natural resource conservation district.

4 (i) For purposes of funding from the water supply development  
5 revolving fund pursuant to article 3 of this chapter only, a county that  
6 enters into an intergovernmental agreement or other formal written  
7 agreement with a city, town or other water provider regarding a water  
8 supply development project.

9 21. "WATER-RELATED FACILITIES" MEANS ANY FACILITY RELATED TO THE  
10 PRODUCTION, DELIVERY, CONSERVATION OR STORAGE OF WATER, INCLUDING ANY  
11 CANALS, PIPELINES, DESALINATION PLANTS, PUMPING STATIONS, STORAGE  
12 PROJECTS, RECOVERY WELLS, DELIVERY AND RETENTION PROJECTS, WATER AND  
13 WASTEWATER TREATMENT PLANTS, AND OTHER EQUIPMENT AND FACILITIES INSTALLED  
14 FOR WATER CONSERVATION PURPOSES, TOGETHER WITH ANY LAND, BUILDINGS OR  
15 OTHER IMPROVEMENTS AND EQUIPMENT OR PERSONAL PROPERTY RELATED THERETO.

16 ~~14.~~ 22. "Water supply development" means ~~either~~ ANY of the  
17 following:

18 (a) Acquiring water or rights to or contracts for water to augment  
19 the water supply of a water provider, including any environmental or other  
20 reviews, permits or plans reasonably necessary for that acquisition.

21 (b) Planning, designing, building or developing WATER-RELATED  
22 facilities, including any environmental or other reviews, permits or plans  
23 reasonably necessary for those facilities, for ~~any~~ EITHER of the following  
24 purposes:

25 (i) Conveyance, ~~OR~~ OR DELIVERY OF WATER.

26 (ii) Storage or recovery of water UNDER TITLE 45, CHAPTER 3.1.

27 ~~(iii)~~ (iii) Reclamation and reuse of water.

28 ~~(iiii)~~ (iv) Replenishment of groundwater.

29 ~~(iv)~~ (v) Active or passive stormwater recharge structures that  
30 increase water supplies.

31 (c) CONSERVATION THROUGH REDUCING EXISTING WATER USE OR MORE  
32 EFFICIENT USES OF EXISTING WATER SUPPLIES.

33 Sec. 13. Section 49-1202, Arizona Revised Statutes, is amended to  
34 read:

35 49-1202. Water infrastructure finance authority of Arizona

36 The water infrastructure finance authority of Arizona is established  
37 ~~in the Arizona finance authority~~. The ~~Arizona finance authority~~ board of  
38 ~~directors~~ shall govern the ~~water infrastructure finance~~ authority of  
39 ~~Arizona~~.

40 Sec. 14. Section 49-1203, Arizona Revised Statutes, as amended by  
41 Laws 2022, chapter 63, article 1, is amended to read:

42 49-1203. Powers and duties of authority; definition

43 A. The authority is a corporate and politic body and shall have an  
44 official seal that shall be judicially noticed. The authority may sue and  
45 be sued, contract and acquire, hold, operate and dispose of property.

1 NOTWITHSTANDING ANY OTHER LAW AND UNLESS EXPRESSLY WAIVED BY THE  
2 AUTHORITY, THE AUTHORITY IS NOT SUBJECT TO ANY STATUTORY REQUIREMENT TO  
3 PAY ANOTHER PARTY'S ATTORNEY FEES OR COSTS IN ANY ADMINISTRATIVE OR  
4 JUDICIAL PROCEEDING.

5 B. The authority, through its board, may:

6 1. Issue negotiable water quality bonds pursuant to section 49-1261  
7 for the following purposes:

8 (a) To generate the state match required by the clean water act for  
9 the clean water revolving fund and to generate the match required by the  
10 safe drinking water act for the drinking water revolving fund.

11 (b) To provide financial assistance to political subdivisions,  
12 Indian tribes and eligible drinking water facilities for constructing,  
13 acquiring or improving wastewater treatment facilities, drinking water  
14 facilities, nonpoint source projects and other related water quality  
15 facilities and projects.

16 2. Issue water supply development bonds for the purpose of  
17 providing financial assistance to ~~water providers~~ ELIGIBLE ENTITIES for  
18 water supply development purposes pursuant to sections 49-1274 and  
19 49-1275.

20 3. Provide financial assistance to political subdivisions and  
21 Indian tribes from monies in the clean water revolving fund to finance  
22 wastewater treatment projects.

23 4. Provide financial assistance to drinking water facilities from  
24 monies in the drinking water revolving fund to finance these facilities.

25 5. Provide financial assistance ~~to water providers~~ from monies in  
26 the water supply development revolving fund to finance water supply  
27 development AS PRESCRIBED BY THIS ARTICLE.

28 6. Guarantee debt obligations of, and provide linked deposit  
29 guarantees through third-party lenders to:

30 (a) Political subdivisions that are issued to finance wastewater  
31 treatment projects.

32 (b) Drinking water facilities that are issued to finance these  
33 facilities.

34 ~~(c) Water providers that are issued to finance water supply~~  
35 ~~development projects.~~

36 7. Provide linked deposit guarantees through third-party lenders to  
37 political subdivisions, AND drinking water facilities ~~and water~~  
38 ~~providers.~~

39 8. Apply for, accept and administer grants and other financial  
40 assistance from the United States government and from other public and  
41 private sources.

42 9. Enter into capitalization grant agreements with the United  
43 States environmental protection agency.

44 10. Adopt rules pursuant to title 41, chapter 6 governing the  
45 application for and awarding OF wastewater treatment facility, drinking

1 water facility and nonpoint source project financial assistance under this  
2 chapter, administering the clean water revolving fund and the drinking  
3 water revolving fund and issuing water quality bonds.

4 11. ~~Subject to title 41, chapter 4, article 4,~~ Hire a director WHO  
5 SERVES AT THE PLEASURE OF THE BOARD and WHO SHALL HIRE staff for the  
6 authority.

7 12. Contract for OR EMPLOY the services of outside advisors,  
8 attorneys, ENGINEERS, FINANCIAL AND OTHER consultants and aides reasonably  
9 necessary or desirable to allow the authority to adequately perform its  
10 duties.

11 13. Contract and incur obligations as reasonably necessary or  
12 desirable within the general scope of authority activities and operations  
13 to allow the authority to adequately perform its duties.

14 14. Assess financial assistance origination fees and annual fees to  
15 cover the reasonable costs of administering the authority and the monies  
16 administered by the authority. Any fees collected pursuant to this  
17 paragraph constitute governmental revenue and may be used for any purpose  
18 consistent with the mission and objectives of the authority.

19 15. Perform any function of a fund manager under the CERCLA  
20 Brownfields cleanup revolving loan fund program as requested by the  
21 department. The board shall perform any action authorized under this  
22 article on behalf of the Brownfields cleanup revolving loan fund program  
23 established pursuant to chapter 2, article 1.1 of this title at the  
24 request of the department. In order to perform these functions, the board  
25 shall enter into a written agreement with the department.

26 16. Provide grants, staff assistance or technical assistance in the  
27 form of loan repayment agreements and other professional assistance to  
28 political subdivisions, any county with a population of less than five  
29 hundred thousand persons, Indian tribes and community water systems in  
30 connection with developing or financing wastewater, drinking water, water  
31 reclamation or related water infrastructure. Assistance provided under a  
32 technical assistance loan repayment agreement shall be in a form and under  
33 terms determined by the authority and shall be repaid not more than three  
34 years after the date that the monies are advanced to the  
35 applicant. Technical assistance provided by the authority does not create  
36 any liability for the authority or this state regarding designing,  
37 constructing or operating any infrastructure project.

38 17. Provide grants, staff assistance or technical assistance in the  
39 form of loan repayment agreements and other professional assistance ~~to~~  
40 ~~water providers in connection with the planning or design of water supply~~  
41 ~~development projects~~ IN ACCORDANCE WITH SECTION 49-1273. ~~A single grant~~  
42 ~~shall not exceed \$250,000.~~ Assistance provided under a technical  
43 assistance loan repayment agreement shall be repaid not more than three  
44 years after the date that the monies are advanced to the applicant.  
45 Technical assistance provided by the authority does not create any



1 liability for the authority or this state regarding designing,  
2 constructing or operating any water supply development project.

3 C. The authority may adopt rules pursuant to title 41, chapter 6  
4 governing the application for and awarding ~~water supply development fund~~  
5 ~~project financial assistance under this chapter and administering the~~  
6 ~~water supply development revolving fund~~ OF ASSISTANCE UNDER THIS CHAPTER  
7 AND THE ADMINISTRATION OF THE FUNDS ESTABLISHED BY THIS CHAPTER.

8 D. The board shall deposit, pursuant to sections 35-146 and 35-147,  
9 any monies received pursuant to subsection B, paragraph 8 of this section  
10 in the appropriate fund as prescribed by the grant or other financial  
11 assistance agreement.

12 E. ~~Disbursements of monies by~~ The water infrastructure finance  
13 authority ~~pursuant to a financial assistance agreement are~~ OF ARIZONA IS  
14 not subject to title 41, chapter 23. IN COORDINATION WITH THE DEPARTMENT  
15 OF ADMINISTRATION, THE AUTHORITY SHALL ESTABLISH PROCUREMENT PROCEDURES BY  
16 RULE TO ADMINISTER THE LONG-TERM WATER AUGMENTATION FUND.

17 F. For the purposes of the safe drinking water act and the clean  
18 water act, the department is the state agency with primary responsibility  
19 for administering this state's public water system supervision program and  
20 water pollution control program and, in consultation with other  
21 appropriate state agencies as appropriate, is the lead agency in  
22 establishing assistance priorities as prescribed by section 49-1224,  
23 subsection B, paragraph 3, section 49-1243, subsection A, paragraph 6 and  
24 section 49-1244, subsection B, paragraph 3.

25 G. For the purposes of this section, "CERCLA" has the same meaning  
26 prescribed in section 49-201.

27 Sec. 15. Title 49, chapter 8, article 1, Arizona Revised Statutes,  
28 is amended by adding section 49-1203.01, to read:

29 49-1203.01. Water infrastructure finance authority of  
30 Arizona; additional powers and duties

31 A. THE AUTHORITY, ACTING THROUGH ITS BOARD, SHALL:

32 1. ADMINISTER THE LONG-TERM WATER AUGMENTATION FUND IN ACCORDANCE  
33 WITH ARTICLE 4 OF THIS CHAPTER.

34 2. USE MONIES FROM THE LONG-TERM WATER AUGMENTATION FUND  
35 ESTABLISHED BY SECTION 49-1302 TO INVESTIGATE THE FEASIBILITY OF ENTERING  
36 INTO AGREEMENTS WITH PUBLIC OR PRIVATE ENTITIES FOR PROJECTS TO IMPORT  
37 WATER INTO THIS STATE. THE AUTHORITY MAY CONSIDER ANY EXISTING STUDIES OR  
38 PLANS IT DEEMS RELEVANT FOR THIS PURPOSE.

39 B. EXCEPT AS LIMITED IN THIS CHAPTER OR BY OTHER LAWS AND AS  
40 REASONABLE OR NECESSARY TO ADMINISTER OR CARRY OUT THE PURPOSES OF THE  
41 LONG-TERM WATER AUGMENTATION FUND AND WATER SUPPLY DEVELOPMENT REVOLVING  
42 FUND ESTABLISHED BY SECTION 49-1271, THE AUTHORITY MAY:

43 1. ACQUIRE, SELL, LEASE, EXCHANGE OR OTHERWISE DISPOSE OF REAL AND  
44 PERSONAL PROPERTY OF EVERY KIND WITHIN THIS STATE.

1           2. APPLY FOR AND HOLD PERMITS THAT ARE REQUIRED BY LAW TO ENGAGE IN  
2 ANY OF THE ACTIVITIES DESCRIBED IN THIS CHAPTER.

3           3. NEGOTIATE AND ENTER INTO INTERGOVERNMENTAL AGREEMENTS AND  
4 AGREEMENTS WITH PRIVATE AND PUBLIC ENTITIES WITHIN AND OUTSIDE OF THIS  
5 STATE.

6           4. CONTRACT FOR OR PERFORM FEASIBILITY STUDIES OF WATER STORAGE,  
7 STORAGE FACILITIES AND RECOVERY WELLS.

8           5. APPLY FOR AND ACCEPT GRANTS, GIFTS OR DONATIONS OF MONIES OR  
9 OTHER PROPERTY FROM ANY SOURCE THAT MAY BE SPENT FOR ANY PURPOSE  
10 CONSISTENT WITH THIS CHAPTER.

11          6. CONDUCT ANY OTHER ACTIVITIES THAT ARE REASONABLY NECESSARY AND  
12 RELATED TO THE POWERS AND DUTIES DESCRIBED IN THIS CHAPTER.

13          C. EXCEPT AS LIMITED IN THIS CHAPTER OR BY OTHER LAWS AND AS  
14 REASONABLE OR NECESSARY TO ADMINISTER OR CARRY OUT THE PURPOSES OF THE  
15 LONG-TERM WATER AUGMENTATION FUND, THE AUTHORITY MAY:

16           1. ISSUE LONG-TERM WATER AUGMENTATION BONDS IN ACCORDANCE WITH  
17 ARTICLE 4 OF THIS CHAPTER. THE LONG-TERM WATER AUGMENTATION BONDS SHALL BE  
18 IN THE NAME OF THE AUTHORITY, AND THE AUTHORITY MAY PLEDGE SOURCES FOR  
19 SECURITY AND PAYMENT OF SUCH BONDS IN ACCORDANCE WITH ARTICLE 4 OF THIS  
20 CHAPTER.

21           2. ISSUE REFUNDING BONDS IF THE AUTHORITY DEEMS REFUNDING  
22 EXPEDIENT.

23           3. REFUND BY ISSUING NEW BONDS FOR ANY BONDS ISSUED BY THE  
24 AUTHORITY IF THESE BONDS ARE SECURED FROM THE SAME SOURCE OF REVENUES AS  
25 THE BONDS AUTHORIZED BY THIS CHAPTER WITHOUT REGARD TO WHETHER THE BONDS  
26 TO BE REFUNDED HAVE MATURED.

27           4. TAKE, HOLD AND ENFORCE A SECURITY INTEREST IN WATER-RELATED  
28 FACILITIES INSIDE AND OUTSIDE OF THIS STATE IN CONNECTION WITH THE TERMS  
29 OF ANY AGREEMENT ENTERED INTO BY THE AUTHORITY IF THE AUTHORITY DETERMINES  
30 THAT SUCH A SECURITY INTEREST IS NECESSARY TO ADEQUATELY PROTECT THIS  
31 STATE'S INTERESTS.

32           5. TO THE EXTENT NECESSARY TO FACILITATE AN APPROVED WATER SUPPLY  
33 DEVELOPMENT PROJECT:

34           (a) PLAN, CONSTRUCT, ACQUIRE, OWN, IMPROVE AND EQUIP WATER-RELATED  
35 FACILITIES WITHIN THIS STATE TO TRANSPORT OR DELIVER IMPORTED WATER WITHIN  
36 THIS STATE.

37           (b) NEGOTIATE AND EXECUTE AGREEMENTS TO ACQUIRE, SELL, LEASE,  
38 EXCHANGE, HOLD, SEVER OR TRANSFER IMPORTED WATER AND RIGHTS TO IMPORTED  
39 WATER. THE AUTHORITY MAY ACQUIRE IMPORTED WATER AND RIGHTS TO IMPORTED  
40 WATER IN ITS OWN NAME.

41           (c) ENTER INTO AND CARRY OUT CONTRACTS OR SUBCONTRACTS FOR THE  
42 TRANSPORT, TREATMENT AND DELIVERY OF IMPORTED WATER ACQUIRED BY THE  
43 AUTHORITY.

1 (d) STORE IMPORTED WATER AND ACQUIRE, HOLD, ASSIGN OR OTHERWISE  
2 DISPOSE OF CREDITS FOR IMPORTED WATER REGISTERED TO STORAGE ACCOUNTS UNDER  
3 TITLE 45, CHAPTER 3.1.

4 (e) NEGOTIATE AND ENTER INTO AGREEMENTS TO USE EXISTING  
5 WATER-RELATED FACILITIES.

6 6. CONDUCT INVESTIGATIONS, INCLUDING PERFORMING ENVIRONMENTAL OR  
7 OTHER REVIEWS, IN ASSOCIATION WITH ANY OF THE ACTIVITIES PRESCRIBED BY  
8 PARAGRAPHS 4 AND 5 OF THIS SUBSECTION.

9 7. ASSESS FEES AND CHARGES IN CONNECTION WITH THE AUTHORITY'S  
10 DESIGN, CONSTRUCTION, ACQUISITION, IMPROVEMENT, EQUIPPING AND OWNERSHIP OF  
11 WATER-RELATED FACILITIES, INCLUDING FOR THE CONVEYANCE OR DELIVERY OF  
12 WATER AND IN CONNECTION WITH OPERATION AND MAINTENANCE AGREEMENTS ENTERED  
13 INTO BY THE AUTHORITY IN CONNECTION WITH WATER-RELATED FACILITIES. ANY  
14 FEES COLLECTED PURSUANT TO THIS PARAGRAPH CONSTITUTE GOVERNMENTAL REVENUE,  
15 MAY BE USED FOR ANY PURPOSE CONSISTENT WITH THE PURPOSES OF THE AUTHORITY  
16 AND MUST BE DEPOSITED IN THE LONG-TERM WATER AUGMENTATION FUND.

17 D. THIS CHAPTER DOES NOT REPLACE, SUPPLANT OR DIMINISH THE POWERS  
18 AND DUTIES OF THE DIRECTOR OF WATER RESOURCES SET FORTH IN TITLE 45,  
19 INCLUDING SECTIONS 45-105 AND 45-107.

20 Sec. 16. Section 49-193.01, Arizona Revised Statutes, is  
21 transferred and renumbered for placement in title 49, chapter 8, article  
22 1, Arizona Revised Statutes, as section 49-1205 and as so renumbered, is  
23 amended to read:

24 49-1205. Water infrastructure finance authority board;  
25 legislative intent

26 ~~A. The drought mitigation revolving fund is established to be~~  
27 ~~maintained in perpetuity consisting of:~~

28 ~~1. Monies appropriated by the legislature to the fund.~~

29 ~~2. Monies received for drought mitigation purposes from the United~~  
30 ~~States government.~~

31 ~~3. Monies received as loan repayments, interest and penalties.~~

32 ~~4. Interest and other income received from investing monies in the~~  
33 ~~fund.~~

34 ~~5. Gifts, grants and donations received for drought mitigation~~  
35 ~~purposes from any public or private source.~~

36 ~~B. Monies in the fund are continuously appropriated and are exempt~~  
37 ~~from the provisions of section 35-190 relating to lapsing of~~  
38 ~~appropriations.~~

39 ~~C.~~ A. The legislature finds THAT:

40 1. NOW AND INTO THE FORESEEABLE FUTURE that many regions in this  
41 state lack access to ~~sustainable~~ THE NECESSARY water supplies to meet  
42 their CURRENT AND long-term water demands and need financial assistance to  
43 develop water supply and conservation projects. The legislature intends  
44 that the fund established by this section be used to provide financial

1 ~~assistance for these projects under the terms set forth in this article~~  
2 NEEDS.

3 2. PROTECTING CURRENT AND FUTURE RESIDENTS, THE ECONOMY AND THE  
4 ENVIRONMENT OF THIS STATE IS BEST ACHIEVED THROUGH A COMPREHENSIVE WATER  
5 STRATEGY THAT CONSERVES WATER, IMPROVES THE EFFICIENCY AND REUSE OF  
6 EXISTING WATER RESOURCES AND AUGMENTS EXISTING WATER RESOURCES WITH NEW  
7 RENEWABLE SUPPLIES OF WATER.

8 B. THE AUTHORITY IS ESTABLISHED FOR THE BENEFIT OF CURRENT AND  
9 FUTURE RESIDENTS, THE ECONOMY AND THE ENVIRONMENT OF THIS STATE.

10 C. THE AUTHORITY SHALL ACCOMPLISH ITS PURPOSES OF HELPING TO MEET  
11 EXISTING AND FUTURE WATER NEEDS OF THIS STATE BY DEVELOPING OR  
12 FACILITATING WATER CONSERVATION, REUSE AND AUGMENTATION PROJECTS.

13 D. THE AUTHORITY MAY ACCOMPLISH ITS PURPOSE INDIVIDUALLY, THROUGH  
14 COLLABORATION OR BY PARTNERING WITH PUBLIC OR PRIVATE ENTITIES. IF  
15 POSSIBLE, THE AUTHORITY MAY LEVERAGE EXISTING RESOURCES AND INFRASTRUCTURE  
16 WHILE NOT INTERFERING WITH ALREADY AVAILABLE USABLE WATER RESOURCES.

17 Sec. 17. Title 49, chapter 8, article 1, Arizona Revised Statutes,  
18 is amended by adding sections 49-1206, 49-1207, 49-1208, 49-1209, 49-1210,  
19 49-1211, 49-1212, 49-1213, 49-1214 and 49-1215, to read:

20 49-1206. Water infrastructure finance authority board;  
21 membership; fingerprinting; conduct of office;  
22 definition

23 A. THE WATER INFRASTRUCTURE FINANCE AUTHORITY BOARD IS ESTABLISHED  
24 TO EVALUATE AND APPROVE FUNDING REQUESTS FOR MONIES FROM THE CLEAN WATER  
25 REVOLVING FUND, THE SAFE DRINKING WATER REVOLVING FUND, THE WATER SUPPLY  
26 DEVELOPMENT REVOLVING FUND, THE LONG-TERM WATER AUGMENTATION FUND AND THE  
27 WATER CONSERVATION GRANT FUND AND TO PERFORM OTHER DUTIES AS PRESCRIBED IN  
28 THIS CHAPTER.

29 B. THE BOARD CONSISTS OF THE FOLLOWING MEMBERS:

30 1. FOUR PERSONS FROM A COUNTY WITH A POPULATION OF FOUR HUNDRED  
31 THOUSAND PERSONS OR MORE.

32 2. FOUR PERSONS FROM A COUNTY WITH A POPULATION OF LESS THAN FOUR  
33 HUNDRED THOUSAND PERSONS.

34 3. ONE PERSON WHO SPECIALIZES IN FINANCE OR STATEWIDE WATER NEEDS.

35 4. THE FOLLOWING AS ADVISORY MEMBERS WITHOUT THE POWER TO VOTE BUT  
36 WHO MAY ATTEND EXECUTIVE SESSIONS OF THE BOARD:

37 (a) THE PRESIDENT OF THE SENATE OR THE PRESIDENT'S DESIGNEE.

38 (b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THE SPEAKER'S  
39 DESIGNEE.

40 (c) THE MINORITY LEADER OF THE SENATE OR THE MINORITY LEADER'S  
41 DESIGNEE.

42 (d) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES OR THE  
43 MINORITY LEADER'S DESIGNEE.

44 (e) THE DIRECTOR OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE.

1 (f) THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY OR THE  
2 DIRECTOR'S DESIGNEE.

3 (g) THE STATE LAND COMMISSIONER OR THE COMMISSIONER'S DESIGNEE.

4 (h) THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE  
5 DIRECTOR'S DESIGNEE.

6 (i) THE CHIEF EXECUTIVE OFFICER OF THE ARIZONA COMMERCE AUTHORITY  
7 OR THE CHIEF EXECUTIVE OFFICER'S DESIGNEE.

8 C. THE FOLLOWING APPLY TO THE EIGHT MEMBERS APPOINTED PURSUANT TO  
9 SUBSECTION B, PARAGRAPHS 1 AND 2 OF THIS SECTION:

10 1. NO THREE APPOINTED MEMBERS OF THE BOARD MAY BE RESIDENTS OF THE  
11 SAME COUNTY, AND AT LEAST ONE APPOINTED MEMBER OF THE BOARD SHALL BE A  
12 RESIDENT OF EACH COUNTY WITH A POPULATION OF FOUR HUNDRED THOUSAND PERSONS  
13 OR MORE.

14 2. MEMBERS MUST HAVE A SUBSTANTIAL KNOWLEDGE OF AND EXPERIENCE WITH  
15 WATER OR FINANCE, INCLUDING PUBLIC FINANCE.

16 D. THE FOLLOWING APPLY TO ALL MEMBERS APPOINTED PURSUANT TO  
17 SUBSECTION B, PARAGRAPHS 1 THROUGH 3 OF THIS SECTION:

18 1. THE GOVERNOR SHALL APPOINT TWO OF THE MEMBERS FROM A COUNTY WITH  
19 A POPULATION OF FOUR HUNDRED THOUSAND PERSONS OR MORE, TWO OF THE MEMBERS  
20 FROM A COUNTY WITH A POPULATION OF LESS THAN FOUR HUNDRED THOUSAND PERSONS  
21 AND SHALL APPOINT THE MEMBER WHO SPECIALIZES IN FINANCE OR STATEWIDE WATER  
22 NEEDS FROM THE JOINT LIST OF AT LEAST FIVE QUALIFIED APPLICANTS SUBMITTED  
23 BY THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF  
24 REPRESENTATIVES.

25 2. THE PRESIDENT OF THE SENATE AND MINORITY LEADER OF THE SENATE  
26 SHALL APPOINT ONE OF THE MEMBERS FROM A COUNTY WITH A POPULATION OF FOUR  
27 HUNDRED THOUSAND PERSONS OR MORE AND ONE OF THE MEMBERS FROM A COUNTY WITH  
28 A POPULATION OF LESS THAN FOUR HUNDRED THOUSAND PERSONS. THE PRESIDENT OF  
29 THE SENATE AND MINORITY LEADER OF THE SENATE SHALL ALTERNATE THE TERMS IN  
30 WHICH THESE MEMBERS ARE APPOINTED.

31 3. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND MINORITY LEADER  
32 OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT ONE OF THE MEMBERS FROM A  
33 COUNTY WITH A POPULATION OF FOUR HUNDRED THOUSAND PERSONS OR MORE AND ONE  
34 OF THE MEMBERS FROM A COUNTY WITH A POPULATION OF LESS THAN FOUR HUNDRED  
35 THOUSAND PERSONS. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
36 MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES SHALL ALTERNATE THE TERMS  
37 IN WHICH THESE MEMBERS ARE APPOINTED.

38 4. APPOINTED MEMBERS SERVE FIVE-YEAR TERMS OF OFFICE BEGINNING AND  
39 ENDING ON THE THIRD MONDAY IN JANUARY AND ARE ELIGIBLE FOR REAPPOINTMENT.  
40 A MEMBER MAY BE REMOVED ONLY FOR CAUSE BY THE PERSON WHO THEN HOLDS THE  
41 SAME OFFICE AS THE PERSON WHO APPOINTED THAT MEMBER.

42 5. MEMBERS SHALL BE RESIDENTS OF THIS STATE FOR AT LEAST TWO YEARS.

43 6. THE ORDER IN WHICH THE MEMBERS ARE APPOINTED PURSUANT TO  
44 SUBSECTION B, PARAGRAPHS 1 AND 2 IS:

1 (a) FOR THE INITIAL TERM AND EVERY THIRD TERM THEREAFTER, THE  
2 PRESIDENT OF THE SENATE AND THE MINORITY LEADER OF THE SENATE SHALL  
3 APPOINT FIRST, THE GOVERNOR SHALL APPOINT SECOND AND THE SPEAKER OF THE  
4 HOUSE OF REPRESENTATIVES AND THE MINORITY LEADER OF THE HOUSE OF  
5 REPRESENTATIVES SHALL APPOINT THIRD.

6 (b) FOR THE SECOND TERM AND EVERY THIRD TERM THEREAFTER, THE  
7 GOVERNOR SHALL APPOINT FIRST, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES  
8 AND THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT  
9 SECOND AND THE PRESIDENT OF THE SENATE AND THE MINORITY LEADER OF THE  
10 SENATE SHALL APPOINT THIRD.

11 (c) FOR THE THIRD TERM AND EVERY THIRD TERM THEREAFTER, THE SPEAKER  
12 OF THE HOUSE OF REPRESENTATIVES AND THE MINORITY LEADER OF THE HOUSE OF  
13 REPRESENTATIVES SHALL APPOINT FIRST, THE PRESIDENT OF THE SENATE AND THE  
14 MINORITY LEADER OF THE SENATE SHALL APPOINT SECOND AND THE GOVERNOR SHALL  
15 APPOINT THIRD.

16 E. BEFORE A MEMBER IS APPOINTED TO THE BOARD PURSUANT TO SUBSECTION  
17 C OR D OF THIS SECTION, THE PROSPECTIVE MEMBER SHALL SUBMIT A FULL SET OF  
18 FINGERPRINTS TO THE GOVERNOR FOR THE PURPOSE OF OBTAINING A STATE AND  
19 FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC LAW  
20 92-544. THE GOVERNOR SHALL SUBMIT THE FINGERPRINTS TO THE DEPARTMENT OF  
21 PUBLIC SAFETY. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS  
22 FINGERPRINT DATA WITH THE FEDERAL BUREAU OF INVESTIGATION.

23 F. THE BOARD SHALL ELECT A CHAIRPERSON OF THE BOARD FROM AMONG THE  
24 VOTING MEMBERS. THE CHAIRPERSON MAY APPOINT SUBCOMMITTEES AS NECESSARY.

25 G. THE BOARD MAY REQUEST ASSISTANCE FROM REPRESENTATIVES OF OTHER  
26 STATE AGENCIES. THE DEPARTMENT OF WATER RESOURCES SHALL PROVIDE TECHNICAL  
27 ASSISTANCE TO THE BOARD.

28 H. BOARD MEMBERS SERVE WITHOUT COMPENSATION BUT ARE ELIGIBLE FOR  
29 REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2. A  
30 BOARD MEMBER WHO IS OTHERWISE EMPLOYED AS A PUBLIC OFFICER MAY NOT RECEIVE  
31 REIMBURSEMENT PURSUANT TO THIS SUBSECTION IF IT IS OTHERWISE PROHIBITED BY  
32 LAW.

33 I. A MAJORITY OF THE VOTING MEMBERS CONSTITUTES A QUORUM FOR THE  
34 PURPOSE OF AN OFFICIAL MEETING FOR CONDUCTING BUSINESS. AN AFFIRMATIVE  
35 VOTE OF A MAJORITY OF THE VOTING MEMBERS PRESENT AT AN OFFICIAL MEETING IS  
36 SUFFICIENT FOR THE BOARD TO TAKE ANY ACTION, EXCEPT THAT APPROVAL OF  
37 FUNDING OR OTHER FINANCIAL ASSISTANCE FROM THE WATER CONSERVATION GRANT  
38 FUND, THE CLEAN WATER REVOLVING FUND ESTABLISHED BY SECTION 49-1221, THE  
39 DRINKING WATER REVOLVING FUND ESTABLISHED BY SECTION 49-1241, THE WATER  
40 SUPPLY DEVELOPMENT REVOLVING FUND ESTABLISHED BY SECTION 49-1271 OR THE  
41 LONG-TERM WATER AUGMENTATION FUND REQUIRES THE AFFIRMATIVE VOTE OF AT  
42 LEAST SIX OF THE VOTING MEMBERS PRESENT AT AN OFFICIAL MEETING OF THE  
43 BOARD.

44 J. THE BOARD SHALL KEEP AND MAINTAIN A COMPLETE AND ACCURATE RECORD  
45 OF ALL BOARD PROCEEDINGS.

1 K. THE BOARD, COMMITTEES AND ANY SUBCOMMITTEES ARE SUBJECT TO TITLE  
2 38, CHAPTER 3, ARTICLE 3.1, RELATING TO PUBLIC MEETINGS, EXCEPT ADVISORY  
3 NONVOTING MEMBERS OF THE BOARD MAY ATTEND EXECUTIVE SESSIONS OF THE BOARD.

4 L. THE BOARD, ITS SUBCOMMITTEES AND THE OFFICERS AND ANY EMPLOYEES  
5 OF THE BOARD ARE SUBJECT TO TITLE 38, CHAPTER 3, ARTICLE 8, RELATING TO  
6 CONFLICTS OF INTEREST. IN ADDITION TO THE CONFLICT OF INTEREST PROVISIONS  
7 IN TITLE 38, CHAPTER 3, ARTICLE 8, AND EXCEPT FOR EMPLOYEES OF THIS STATE  
8 OR A POLITICAL SUBDIVISION OF THIS STATE, THE FOLLOWING APPLY:

9 1. A PERSON IS NOT ELIGIBLE FOR APPOINTMENT TO THE BOARD IF THE  
10 PERSON OR THE PERSON'S SPOUSE MEETS ANY OF THE FOLLOWING CRITERIA:

11 (a) IS EMPLOYED BY OR PARTICIPATES IN THE MANAGEMENT OF A BUSINESS  
12 ENTITY OR OTHER ORGANIZATION THAT RECEIVES MONIES FROM THE AUTHORITY.

13 (b) OWNS, CONTROLS OR HAS, DIRECTLY OR INDIRECTLY, MORE THAN A TEN  
14 PERCENT INTEREST IN A BUSINESS ENTITY OR OTHER ORGANIZATION THAT RECEIVES  
15 MONIES FROM THE AUTHORITY.

16 (c) USES OR RECEIVES A SUBSTANTIAL AMOUNT OF TANGIBLE GOODS,  
17 SERVICES OR MONIES FROM THE AUTHORITY.

18 (d) HAS A PERSONAL FINANCIAL INTEREST IN THE AWARD OR EXPENDITURE.  
19 THE PERSON OR THE PERSON'S SPOUSE DOES NOT HAVE A PERSONAL FINANCIAL  
20 INTEREST IF THE PERSON OR THE PERSON'S SPOUSE IS A MEMBER OF A CLASS OF  
21 PERSONS AND IT REASONABLY APPEARS THAT A MAJORITY OF THE TOTAL MEMBERSHIP  
22 OF THAT CLASS IS TO BE AFFECTED BY THE ACTION.

23 2. A PERSON MAY NOT BE A VOTING MEMBER OF THE BOARD OR ACT AS THE  
24 GENERAL COUNSEL TO THE BOARD OR AUTHORITY IF THE PERSON IS REQUIRED TO  
25 REGISTER AS A LOBBYIST.

26 3. A PERSON MAY NOT BE A MEMBER OF THE BOARD OR AN EMPLOYEE OF THE  
27 AUTHORITY IF THE PERSON OR THE PERSON'S RELATIVE IS AN OFFICER, EMPLOYEE  
28 OR PAID CONSULTANT FOR A WATER USERS' ASSOCIATION OR TRADE ASSOCIATION.

29 M. AN EMPLOYEE OF A POLITICAL SUBDIVISION OF THIS STATE WHO SERVES  
30 ON THE BOARD MAY NOT PARTICIPATE IN THE CONSIDERATION OF OR A VOTE  
31 CONCERNING ANY AWARD OR EXPENDITURE BY THE AUTHORITY FOR PROJECTS THAT  
32 WILL DIRECTLY BENEFIT THE POLITICAL SUBDIVISION.

33 N. THE BOARD SHALL ADOPT WRITTEN POLICIES, PROCEDURES AND  
34 GUIDELINES FOR STANDARDS OF CONDUCT, INCLUDING A GIFT POLICY, FOR MEMBERS  
35 OF THE BOARD AND FOR OFFICERS AND EMPLOYEES OF THE BOARD.

36 O. THE BOARD IS A PUBLIC BODY THAT IS SUBJECT TO TITLE 38, CHAPTER  
37 3, ARTICLE 3. THE BOARD SHALL OPERATE ON THE STATE FISCAL YEAR.

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

41 Q. FOR THE PURPOSES OF THIS SECTION, "TRADE ASSOCIATION" MEANS ANY  
42 COOPERATIVE, ASSOCIATION OR BUSINESS ORGANIZATION, WHETHER OR NOT  
43 INCORPORATED UNDER FEDERAL OR STATE LAW, THAT IS DESIGNED TO ASSIST ITS  
44 MEMBERS, INDUSTRY OR PROFESSION IN ADVOCATING FOR OR PROMOTING THEIR  
45 COMMON INTEREST.

1           49-1207. Federal water programs committee; membership;  
2                                   recommendations

3           A. THE FEDERAL WATER PROGRAMS COMMITTEE IS ESTABLISHED TO ADVISE  
4 THE BOARD AND CONSISTS OF THE FOLLOWING VOTING MEMBERS WHO ARE APPOINTED  
5 BY THE BOARD:

6           1. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES FIVE  
7 HUNDRED OR MORE CONNECTIONS.

8           2. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES LESS  
9 THAN FIVE HUNDRED CONNECTIONS.

10          3. ONE MEMBER WHO REPRESENTS A DOMESTIC WATER IMPROVEMENT DISTRICT  
11 OR SANITARY DISTRICT IN A COUNTY WITH A POPULATION OF LESS THAN FIVE  
12 HUNDRED THOUSAND PERSONS.

13          4. ONE MEMBER WHO REPRESENTS A DOMESTIC WASTEWATER IMPROVEMENT  
14 DISTRICT OR SANITARY DISTRICT IN A COUNTY WITH A POPULATION OF FIVE  
15 HUNDRED THOUSAND OR MORE PERSONS.

16          5. ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF  
17 LESS THAN FIFTY THOUSAND PERSONS.

18          6. ONE MEMBER WHO REPRESENTS A CITY OR TOWN WITH A POPULATION OF  
19 FIFTY THOUSAND OR MORE PERSONS.

20          7. ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF FIVE  
21 HUNDRED THOUSAND OR MORE PERSONS.

22          8. THE DIRECTOR OF ENVIRONMENTAL QUALITY OR THE DIRECTOR'S  
23 DESIGNEE.

24          9. THE DIRECTOR OF WATER RESOURCES OR THE DIRECTOR'S DESIGNEE.

25          10. THE EXECUTIVE DIRECTOR OF THE CORPORATION COMMISSION OR THE  
26 EXECUTIVE DIRECTOR'S DESIGNEE.

27          11. THE CHIEF EXECUTIVE OFFICER OF THE ARIZONA COMMERCE AUTHORITY  
28 OR THE CHIEF EXECUTIVE OFFICER'S DESIGNEE.

29          B. THE FEDERAL WATER PROGRAMS COMMITTEE SHALL REVIEW APPLICATIONS  
30 FOR FINANCIAL OR OTHER ASSISTANCE FROM THE CLEAN WATER REVOLVING FUND  
31 PROGRAM, THE SAFE DRINKING WATER REVOLVING FUND PROGRAM AND THE HARDSHIP  
32 GRANT FUND PROGRAM AND SHALL MAKE RECOMMENDATIONS TO THE BOARD REGARDING  
33 THOSE APPLICATIONS FOR ASSISTANCE.

34           49-1208. Water supply development committee; long-term water  
35                                   augmentation committee; membership;  
36                                   recommendations

37          A. THE WATER SUPPLY DEVELOPMENT COMMITTEE IS ESTABLISHED CONSISTING  
38 OF SEVEN MEMBERS OF THE BOARD, INCLUDING THE FOUR MEMBERS WHO ARE FROM  
39 COUNTIES WITH POPULATIONS OF LESS THAN FOUR HUNDRED THOUSAND PERSONS, TWO  
40 MEMBERS WHO ARE FROM COUNTIES WITH POPULATIONS OF FOUR HUNDRED THOUSAND  
41 PERSONS OR MORE AND WHO ARE SELECTED BY A VOTE OF THE BOARD AND THE MEMBER  
42 OF THE BOARD WHO IS APPOINTED BY THE GOVERNOR AND WHO SPECIALIZES IN  
43 FINANCE OR STATEWIDE WATER NEEDS. THE WATER SUPPLY DEVELOPMENT COMMITTEE  
44 SHALL REVIEW APPLICATIONS FOR FINANCIAL ASSISTANCE FROM THE WATER SUPPLY



1 DEVELOPMENT REVOLVING FUND AND MAKE RECOMMENDATIONS TO THE BOARD REGARDING  
2 THOSE APPLICATIONS FOR ASSISTANCE.

3 B. THE LONG-TERM WATER AUGMENTATION COMMITTEE IS ESTABLISHED  
4 CONSISTING OF SEVEN MEMBERS OF THE BOARD, INCLUDING THE FOUR MEMBERS WHO  
5 ARE FROM COUNTIES WITH POPULATIONS OF FOUR HUNDRED THOUSAND PERSONS OR  
6 MORE, TWO MEMBERS WHO ARE FROM COUNTIES WITH POPULATIONS OF LESS THAN FOUR  
7 HUNDRED THOUSAND PERSONS AND WHO ARE SELECTED BY A VOTE OF THE BOARD AND  
8 THE MEMBER OF THE BOARD WHO IS APPOINTED BY THE GOVERNOR AND WHO  
9 SPECIALIZES IN FINANCE OR STATEWIDE WATER NEEDS. THE LONG-TERM WATER  
10 AUGMENTATION COMMITTEE SHALL REVIEW APPLICATIONS FOR FINANCIAL ASSISTANCE  
11 FROM THE LONG-TERM WATER AUGMENTATION FUND AND MAKE RECOMMENDATIONS TO THE  
12 BOARD REGARDING THOSE APPLICATIONS FOR ASSISTANCE.

13 49-1209. Cooperation with governmental entities

14 A. THE AUTHORITY MAY REQUEST ASSISTANCE FROM REPRESENTATIVES OF  
15 OTHER STATE AGENCIES, AND ALL STATE AGENCIES SHALL COOPERATE WITH THE  
16 AUTHORITY AND MAKE AVAILABLE DATA PERTAINING TO THE FUNCTIONS OF THE BOARD  
17 AS REQUESTED BY THE AUTHORITY.

18 B. IN THE ACQUISITION, CONSTRUCTION OR DEVELOPMENT OF WATER-RELATED  
19 FACILITIES, THE AUTHORITY SHALL COOPERATE WITH ESTABLISHED AND EXISTING  
20 STATE AGENCIES AND POLITICAL SUBDIVISIONS OF THIS STATE AND WITH THE  
21 UNITED STATES AND OTHER STATES.

22 C. THE AUTHORITY MAY NOT BEGIN NEGOTIATIONS REGARDING ANY AGREEMENT  
23 INVOLVING THE USE, STORAGE OR CONSERVATION OF COLORADO RIVER WATER OUTSIDE  
24 THIS STATE WITHOUT THE EXPRESS WRITTEN APPROVAL OF THE DIRECTOR OF WATER  
25 RESOURCES AND MAY NOT ENTER INTO ANY AGREEMENT INVOLVING THE USE, STORAGE  
26 OR CONSERVATION OF COLORADO RIVER WATER OUTSIDE THIS STATE WITHOUT THE  
27 DIRECTOR OF WATER RESOURCES' EXPRESS WRITTEN APPROVAL.

28 49-1210. Limitations on water activities

29 A. THE AUTHORITY MAY NOT PURCHASE ANY MAINSTREAM COLORADO RIVER  
30 WATER OR RIGHTS TO MAINSTREAM COLORADO RIVER WATER AND MAY NOT PROVIDE  
31 FUNDING OR FINANCIAL ASSISTANCE TO TRANSFER, PURCHASE OR LEASE ANY SUCH  
32 WATER OR RIGHTS TO SUCH WATER, EXCEPT THAT THIS PROHIBITION DOES NOT APPLY  
33 TO ANY WATER OR RIGHTS TO WATER HELD BY A FEDERALLY RECOGNIZED INDIAN  
34 TRIBE OR TO PURCHASES MADE WITH MONIES FROM THE CLEAN WATER REVOLVING FUND  
35 ESTABLISHED BY SECTION 49-1221 OR THE DRINKING WATER REVOLVING FUND  
36 ESTABLISHED BY SECTION 49-1241. FOR PURPOSES OF THIS SUBSECTION,  
37 "MAINSTREAM COLORADO RIVER WATER" MEANS COLORADO RIVER WATER THAT IS  
38 AVAILABLE TO SATISFY ENTITLEMENTS IN THIS STATE BUT THAT IS NOT DELIVERED  
39 THROUGH THE CENTRAL ARIZONA PROJECT.

40 B. THE AUTHORITY MAY NOT ENTER INTO ANY AGREEMENTS TO CONVEY OR  
41 DELIVER WATER TO A WATER USER WITHIN THE INCORPORATED BOUNDARIES OF A CITY  
42 OR TOWN, A CITY OR TOWN WATER SERVICE AREA OR WITHIN THE BOUNDARIES OF A  
43 CERTIFICATE OF CONVENIENCE AND NECESSITY OF A PRIVATE WATER COMPANY  
44 WITHOUT THE WRITTEN CONSENT OF THE CITY, TOWN OR PRIVATE WATER COMPANY.

1 C. THE AUTHORITY MAY NOT OPERATE OR MAINTAIN ANY WATER-RELATED  
2 FACILITIES BUT MAY ENTER INTO AGREEMENTS WITH PUBLIC OR PRIVATE ENTITIES  
3 TO OPERATE OR MAINTAIN WATER-RELATED FACILITIES OWNED OR CONSTRUCTED BY  
4 THE AUTHORITY.

5 D. EXCEPT AS PROVIDED IN SECTION 49-1203.01, SUBSECTION C,  
6 PARAGRAPH 4, THE AUTHORITY MAY NOT ACQUIRE OR OWN WATER-RELATED FACILITIES  
7 THAT ARE EITHER:

8 1. LOCATED WITHIN THIS STATE AND USED TO CONVEY OR DELIVER WATER  
9 THAT IS NOT IMPORTED WATER.

10 2. LOCATED OUTSIDE THIS STATE.

11 E. IF THE AUTHORITY ACQUIRES IMPORTED WATER OR LONG-TERM STORAGE  
12 CREDITS CREATED FROM IMPORTED WATER IN ITS OWN NAME, THE AUTHORITY MAY NOT  
13 SELL OR LEASE THAT WATER OR THOSE LONG-TERM STORAGE CREDITS FOR AMOUNTS  
14 GREATER THAN NECESSARY TO COMPLY WITH SECTION 49-1303, SUBSECTION E OR TO  
15 REPAY LONG-TERM WATER AUGMENTATION BONDS ISSUED TO FUND ANY PROJECT TO  
16 ACQUIRE THE IMPORTED WATER OR LONG-TERM STORAGE CREDITS.

17 49-1211. Project delivery methods

18 THE AUTHORITY MAY PROVIDE FOR THE DEVELOPMENT OR OPERATION OF  
19 WATER-RELATED FACILITIES USING A VARIETY OF PROJECT DELIVERY METHODS AND  
20 FORMS OF AGREEMENT. THE METHODS MAY INCLUDE:

21 1. PREDEVELOPMENT AGREEMENTS LEADING TO OTHER IMPLEMENTING  
22 AGREEMENTS.

23 2. A DESIGN-BUILD AGREEMENT.

24 3. A DESIGN-BUILD-MAINTAIN AGREEMENT.

25 4. A DESIGN-BUILD-FINANCE-OPERATE AGREEMENT.

26 5. A DESIGN-BUILD-OPERATE-MAINTAIN AGREEMENT.

27 6. A DESIGN-BUILD-FINANCE-OPERATE-MAINTAIN AGREEMENT.

28 7. A CONCESSION AGREEMENT PROVIDING FOR THE PRIVATE PARTNER TO  
29 DESIGN, BUILD, OPERATE, MAINTAIN, MANAGE OR LEASE A WATER-RELATED  
30 FACILITY.

31 8. ANY OTHER PROJECT DELIVERY METHOD OR AGREEMENT OR COMBINATION OF  
32 METHODS OR AGREEMENTS THAT THE AUTHORITY DETERMINES ARE REASONABLE OR  
33 NECESSARY TO CARRY OUT THE AUTHORITY'S PURPOSES.

34 49-1212. Procurement for water-related facilities; insurance;  
35 evaluations; deviations

36 A. THE AUTHORITY MAY PROCURE SERVICES FOR THE DEVELOPMENT, DESIGN,  
37 ACQUISITION, CONSTRUCTION, IMPROVEMENT OR EQUIPPING OF WATER-RELATED  
38 FACILITIES USING ANY OF THE FOLLOWING:

39 1. REQUESTS FOR PROJECT PROPOSALS IN WHICH THE AUTHORITY DESCRIBES  
40 A CLASS OF WATER-RELATED FACILITIES OR A GEOGRAPHIC AREA IN WHICH ENTITIES  
41 ARE INVITED TO SUBMIT PROPOSALS TO DEVELOP WATER-RELATED FACILITIES.

42 2. SOLICITATIONS USING REQUESTS FOR QUALIFICATIONS, SHORT-LISTING  
43 OF QUALIFIED PROPOSERS, REQUESTS FOR PROPOSALS, NEGOTIATIONS, BEST AND  
44 FINAL OFFERS OR OTHER PROCUREMENT PROCEDURES.

1           3. PROCUREMENTS SEEKING DEVELOPMENT AND FINANCE PLANS THAT ARE MOST  
2 SUITABLE FOR THE PROJECT.

3           4. BEST VALUE SELECTION PROCUREMENTS BASED ON PRICE OR FINANCIAL  
4 PROPOSALS, OR BOTH, AND ANY OTHER RELEVANT FACTORS.

5           5. OTHER PROCEDURES THAT THE AUTHORITY DETERMINES MAY FURTHER THE  
6 IMPLEMENTATION OF THIS CHAPTER.

7           B. FOR ANY PROCUREMENT IN WHICH THE AUTHORITY ISSUES A REQUEST FOR  
8 QUALIFICATIONS, REQUEST FOR PROPOSALS OR SIMILAR SOLICITATION DOCUMENT,  
9 THE REQUEST SHALL SET FORTH GENERALLY THE FACTORS THAT WILL BE EVALUATED  
10 AND THE MANNER IN WHICH RESPONSES WILL BE EVALUATED. IF CONTRACTOR  
11 INSURANCE IS REQUIRED FOR SERVICES PROCURED PURSUANT TO THIS SECTION, THE  
12 INSURANCE SHALL BE PLACED WITH AN INSURER AUTHORIZED TO TRANSACT INSURANCE  
13 IN THIS STATE PURSUANT TO TITLE 20, CHAPTER 2, ARTICLE 1 OR A SURPLUS  
14 LINES INSURER APPROVED AND IDENTIFIED BY THE DIRECTOR OF THE DEPARTMENT OF  
15 INSURANCE AND FINANCIAL INSTITUTIONS PURSUANT TO TITLE 20, CHAPTER 2,  
16 ARTICLE 5.

17           C. IN EVALUATING PROPOSALS UNDER THIS SECTION, THE AUTHORITY SHALL  
18 CONSIDER THE CRITERIA PRESCRIBED PURSUANT TO SECTION 49-1304.

19           D. THE AUTHORITY MAY DEVIATE FROM ANY REQUIREMENTS IN THIS SECTION  
20 TO THE EXTENT NECESSARY TO MAKE USE OF ANY AVAILABLE FEDERAL FUNDING FOR  
21 THE DESIGN, DEVELOPMENT, ACQUISITION, CONSTRUCTION, IMPROVEMENT OR  
22 EQUIPPING OF WATER-RELATED FACILITIES.

23           49-1213. Public-private partnership agreements; private  
24 partners; political subdivisions; tax exemptions;  
25 prohibition

26           A. IN ANY PUBLIC-PRIVATE PARTNERSHIP UNDER THIS CHAPTER, THE  
27 AUTHORITY MAY INCLUDE PROVISIONS THAT:

28           1. ALLOW THE AUTHORITY OR THE PRIVATE PARTNER TO ESTABLISH AND  
29 COLLECT DELIVERY CHARGES, SERVICE CHARGES, OPERATION AND MAINTENANCE  
30 CHARGES OR SIMILAR CHARGES, INCLUDING PROVISIONS THAT:

31           (a) ESTABLISH CIRCUMSTANCES UNDER WHICH THE AUTHORITY MAY RECEIVE  
32 ALL OR A SHARE OF REVENUES FROM SUCH CHARGES.

33           (b) GOVERN ENFORCEMENT OF COLLECTION OF SUCH CHARGES.

34           (c) ALLOW THE AUTHORITY TO CONTINUE OR CEASE COLLECTION OF CHARGES  
35 AFTER THE END OF THE TERM OF THE AGREEMENT.

36           2. ALLOW FOR PAYMENTS TO BE MADE BY THIS STATE TO THE PRIVATE  
37 PARTNER.

38           3. ALLOW THE AUTHORITY TO ACCEPT PAYMENTS OF MONIES AND SHARE  
39 REVENUES WITH THE PRIVATE PARTNER.

40           4. ADDRESS HOW THE PARTNERS WILL SHARE MANAGEMENT OF THE RISKS OF  
41 THE PUBLIC-PRIVATE PARTNERSHIP PROJECT, INCLUDING ANY RISKS ASSOCIATED  
42 WITH PUBLIC-PRIVATE PARTNERSHIP PROJECTS THAT WILL ORIGINATE OUTSIDE OF  
43 THIS STATE.

- 1           5. SPECIFY HOW THE PARTNERS WILL SHARE THE COSTS OF THE DESIGN,  
2 DEVELOPMENT, ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF THE  
3 PUBLIC-PRIVATE PARTNERSHIP PROJECT.
- 4           6. ALLOCATE FINANCIAL RESPONSIBILITY FOR COST OVERRUNS.
- 5           7. ESTABLISH THE DAMAGES TO BE ASSESSED FOR NONPERFORMANCE.
- 6           8. ESTABLISH PERFORMANCE CRITERIA OR INCENTIVES, OR BOTH.
- 7           9. ADDRESS THE ACQUISITION OF RIGHTS-OF-WAY AND OTHER PROPERTY  
8 INTERESTS THAT MAY BE REQUIRED.
- 9           10. ESTABLISH RECORDKEEPING, ACCOUNTING AND AUDITING STANDARDS TO  
10 BE USED FOR THE PUBLIC-PRIVATE PARTNERSHIP PROJECT.
- 11           11. FOR A PUBLIC-PRIVATE PARTNERSHIP PROJECT THAT REVERTS TO PUBLIC  
12 OWNERSHIP, ADDRESS RESPONSIBILITY FOR RECONSTRUCTION OR RENOVATIONS THAT  
13 ARE REQUIRED IN ORDER FOR WATER-RELATED FACILITIES TO MEET ALL APPLICABLE  
14 GOVERNMENT STANDARDS ON REVERSION OF THE WATER-RELATED FACILITIES TO THIS  
15 STATE.
- 16           12. IDENTIFY ANY AUTHORITY SPECIFICATIONS THAT MUST BE SATISFIED,  
17 INCLUDING PROVISIONS ALLOWING THE PRIVATE PARTNER TO REQUEST AND RECEIVE  
18 AUTHORIZATION TO DEVIATE FROM THE SPECIFICATIONS ON MAKING A SHOWING  
19 SATISFACTORY TO THE AUTHORITY.
- 20           13. REQUIRE A PRIVATE PARTNER TO PROVIDE PERFORMANCE AND PAYMENT  
21 BONDS, PARENT COMPANY GUARANTEES, LETTERS OF CREDIT OR OTHER ACCEPTABLE  
22 FORMS OF SECURITY OR A COMBINATION OF ANY OF THESE, THE PENAL SUM OR  
23 AMOUNT OF WHICH MAY BE LESS THAN ONE HUNDRED PERCENT OF THE VALUE OF THE  
24 CONTRACT INVOLVED BASED ON THE AUTHORITY'S DETERMINATION, MADE ON A  
25 PROJECT-BY-PROJECT BASIS, OF WHAT IS REQUIRED TO ADEQUATELY PROTECT THIS  
26 STATE.
- 27           14. ALLOW THE PRIVATE PARTNER IN ANY CONCESSION AGREEMENT TO  
28 ESTABLISH AND COLLECT DELIVERY CHARGES, OPERATION AND MAINTENANCE CHARGES  
29 OR SIMILAR CHARGES TO COVER ITS COSTS AND PROVIDE FOR A REASONABLE RATE OF  
30 RETURN ON THE PRIVATE PARTNER'S INVESTMENT, INCLUDING ANY OF THE FOLLOWING  
31 PROVISIONS:
  - 32           (a) THE CHARGES MAY BE COLLECTED DIRECTLY BY THE PRIVATE PARTNER OR  
33 BY A THIRD PARTY ENGAGED FOR THAT PURPOSE.
  - 34           (b) A FORMULA FOR THE ADJUSTMENT OF CHARGES DURING THE TERM OF THE  
35 AGREEMENT.
  - 36           (c) FOR AN AGREEMENT THAT DOES NOT INCLUDE A FORMULA DESCRIBED IN  
37 SUBDIVISION (b) OF THIS PARAGRAPH, PROVISIONS REGULATING THE PRIVATE  
38 PARTNER'S RETURN ON INVESTMENT.
- 39           15. SPECIFY REMEDIES AVAILABLE AND DISPUTE RESOLUTION PROCEDURES,  
40 INCLUDING FORUM SELECTION AND CHOICE OF LAW PROVISIONS AND THE RIGHT OF  
41 THE PARTIES TO INSTITUTE LEGAL PROCEEDINGS TO OBTAIN AN ENFORCEABLE  
42 JUDGMENT OR AWARD AND PROCEDURES FOR USE OF DISPUTE REVIEW BOARDS,  
43 MEDIATION, FACILITATED NEGOTIATION, ARBITRATION AND OTHER ALTERNATIVE  
44 DISPUTE RESOLUTION PROCEDURES.

1 16. ALLOW THE AUTHORITY TO ACQUIRE REAL PROPERTY THAT IS NEEDED FOR  
2 WATER-RELATED FACILITIES, INCLUDING ACQUISITION BY EXCHANGE FOR OTHER REAL  
3 PROPERTY THAT IS OWNED BY THE AUTHORITY.

4 B. THE AUTHORITY MAY APPROVE ANY REQUEST FROM ANOTHER UNIT OF  
5 GOVERNMENT TO DEVELOP WATER-RELATED FACILITIES IN A MANNER SIMILAR TO THAT  
6 USED BY THE AUTHORITY FOR PUBLIC-PRIVATE PARTNERSHIPS.

7 C. NOTWITHSTANDING ANY OTHER LAW, AGREEMENTS UNDER THIS CHAPTER  
8 THAT ARE PROPERLY DEVELOPED, OPERATED OR HELD BY A PRIVATE PARTNER UNDER A  
9 CONCESSION AGREEMENT PURSUANT TO THIS CHAPTER ARE EXEMPT FROM ALL STATE  
10 AND LOCAL AD VALOREM AND PROPERTY TAXES THAT OTHERWISE MIGHT BE  
11 APPLICABLE.

12 D. A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT UNDER THIS CHAPTER SHALL  
13 CONTAIN A PROVISION BY WHICH THE PRIVATE PARTNER EXPRESSLY AGREES THAT IT  
14 IS PROHIBITED FROM SEEKING INJUNCTIVE OR OTHER EQUITABLE RELIEF TO DELAY,  
15 PREVENT OR OTHERWISE HINDER THE AUTHORITY OR ANY JURISDICTION FROM  
16 DEVELOPING, CONSTRUCTING OR MAINTAINING ANY WATER-RELATED FACILITIES THAT  
17 WERE PLANNED AND THAT WOULD OR MIGHT IMPACT THE REVENUE THAT THE PRIVATE  
18 PARTNER WOULD OR MIGHT DERIVE FROM THE WATER-RELATED FACILITIES DEVELOPED  
19 UNDER THE AGREEMENT, EXCEPT THAT THE AGREEMENT MAY PROVIDE FOR REASONABLE  
20 COMPENSATION TO THE PRIVATE PARTNER FOR THE ADVERSE EFFECT ON REVENUES  
21 RESULTING FROM DEVELOPMENT, CONSTRUCTION AND MAINTENANCE OF AN UNPLANNED  
22 REVENUE IMPACTING WATER-RELATED FACILITIES.

23 E. A FOREIGN PRIVATE CORPORATION THAT ENTERS INTO AN AGREEMENT WITH  
24 THE AUTHORITY PURSUANT TO THIS SECTION MUST PROVIDE SATISFACTORY EVIDENCE  
25 TO THE BOARD THAT THE FOREIGN ENTITY IS IN COMPLIANCE WITH THE  
26 REQUIREMENTS OF TITLE 10, CHAPTER 38.

27 49-1214. Attorney general public-private partnership  
28 agreement certification

29 A. THE AUTHORITY SHALL SUBMIT TO THE ATTORNEY GENERAL ANY  
30 PUBLIC-PRIVATE PARTNERSHIP AGREEMENT ENTERED INTO BY THE AUTHORITY. ON  
31 THE SUBMISSION OF THE AGREEMENT TO THE ATTORNEY GENERAL, THE ATTORNEY  
32 GENERAL SHALL INVESTIGATE AND DETERMINE THE VALIDITY OF THE AGREEMENT.

33 B. IF THE AGREEMENT COMPLIES WITH THIS CHAPTER AND THE ATTORNEY  
34 GENERAL DETERMINES THAT THE AGREEMENT WILL CONSTITUTE A BINDING AND LEGAL  
35 OBLIGATION OF THE AUTHORITY THAT IS ENFORCEABLE ACCORDING TO THE TERMS OF  
36 THE AGREEMENT, THE ATTORNEY GENERAL SHALL CERTIFY, IN SUBSTANCE, THAT THE  
37 AGREEMENT HAS BEEN ENTERED INTO IN ACCORDANCE WITH THE CONSTITUTION AND  
38 LAWS OF THIS STATE.

39 49-1215. Joint legislative water committee; membership;  
40 duties

41 A. THE JOINT LEGISLATIVE WATER COMMITTEE IS ESTABLISHED CONSISTING  
42 OF THE FOLLOWING MEMBERS:

- 43 1. THE PRESIDENT OF THE SENATE OR THE PRESIDENT'S DESIGNEE.  
44 2. THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THE SPEAKER'S  
45 DESIGNEE.

1 3. THE MINORITY LEADER OF THE SENATE OR THE MINORITY LEADER'S  
2 DESIGNEE.

3 4. THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES OR THE  
4 MINORITY LEADER'S DESIGNEE.

5 5. THE CHAIRPERSON OF THE SENATE COMMITTEE WITH JURISDICTION OVER  
6 WATER ISSUES.

7 6. THE CHAIRPERSON OF THE HOUSE OF REPRESENTATIVES COMMITTEE WITH  
8 JURISDICTION OVER WATER ISSUES.

9 7. THE RANKING MINORITY PARTY MEMBER OF THE SENATE COMMITTEE WITH  
10 JURISDICTION OVER WATER ISSUES.

11 8. THE RANKING MINORITY PARTY MEMBER OF THE HOUSE OF  
12 REPRESENTATIVES COMMITTEE WITH JURISDICTION OVER WATER ISSUES.

13 9. THE CHAIRPERSON OF THE JOINT LEGISLATIVE BUDGET COMMITTEE.

14 B. THE JOINT LEGISLATIVE WATER COMMITTEE SHALL REVIEW AWARDS OF  
15 \$50,000,000 OR MORE FROM THE LONG-TERM WATER AUGMENTATION FUND ESTABLISHED  
16 BY SECTION 49-1302 AND THE BOARD SHALL PROVIDE THE JOINT LEGISLATIVE WATER  
17 COMMITTEE WITH THE RELEVANT INFORMATION.

18 Sec. 18. Title 49, chapter 8, article 3, Arizona Revised Statutes,  
19 is amended by adding section 49-1270, to read:

20 49-1270. Definitions

21 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 1. "ELIGIBLE ENTITY" MEANS ANY OF THE FOLLOWING:

23 (a) A WATER PROVIDER THAT DISTRIBUTES OR SELLS WATER OUTSIDE OF THE  
24 BOUNDARIES OF AN ACTIVE MANAGEMENT AREA LOCATED IN MARICOPA, PIMA OR PINAL  
25 COUNTY.

26 (b) ANY CITY, TOWN, COUNTY, DISTRICT, COMMISSION, AUTHORITY OR  
27 OTHER PUBLIC ENTITY THAT IS ORGANIZED AND THAT EXISTS UNDER THE STATUTORY  
28 LAW OF THIS STATE OR UNDER A VOTER-APPROVED CHARTER OR INITIATIVE OF THIS  
29 STATE THAT IS LOCATED OUTSIDE OF THE BOUNDARIES OF AN ACTIVE MANAGEMENT  
30 AREA LOCATED IN MARICOPA, PIMA OR PINAL COUNTY.

31 2. "LOAN" MEANS LEASES, LOANS OR OTHER EVIDENCE OF INDEBTEDNESS FOR  
32 WATER SUPPLY DEVELOPMENT PURPOSES ISSUED FROM THE WATER SUPPLY DEVELOPMENT  
33 REVOLVING FUND.

34 3. "LOAN REPAYMENT AGREEMENT" MEANS AN AGREEMENT TO REPAY A LOAN  
35 ISSUED FROM THE WATER SUPPLY DEVELOPMENT REVOLVING FUND ENTERED INTO BY AN  
36 ELIGIBLE ENTITY.

37 4. "WATER SUPPLY DEVELOPMENT REVOLVING FUND" OR "FUND" MEANS THE  
38 WATER SUPPLY DEVELOPMENT REVOLVING FUND ESTABLISHED BY SECTION 49-1271.

39 Sec. 19. Section 49-1271, Arizona Revised Statutes, is amended to  
40 read:

41 49-1271. Water supply development revolving fund

42 A. The water supply development revolving fund is established ~~to be~~  
43 ~~maintained in perpetuity~~ consisting of ALL OF THE FOLLOWING:

44 1. Monies received from the issuance and sale of water supply  
45 development bonds under section 49-1278.

1           2. Monies appropriated by the legislature to the water supply  
2 development revolving fund.

3           3. Monies received for water supply development purposes from the  
4 United States government.

5           4. Monies received ~~from water providers~~ as loan repayments,  
6 interest and penalties.

7           5. Interest and other income received from investing monies in the  
8 fund.

9           6. Gifts, grants and donations received for water supply  
10 development purposes from any public or private source.

11           7. ANY OTHER MONIES RECEIVED BY THE AUTHORITY IN CONNECTION WITH  
12 THE PURPOSE OF THE WATER SUPPLY DEVELOPMENT REVOLVING FUND.

13           B. Monies in the fund are continuously appropriated and are exempt  
14 from the provisions of section 35-190 relating to lapsing of  
15 appropriations.

16           ~~C. The legislature finds that many water providers in this state,  
17 particularly in rural areas, lack access to sufficient water supplies to  
18 meet their long-term water demands and need financial assistance to  
19 construct water supply projects and obtain additional water supplies. It  
20 is the intent of the legislature that the water supply development  
21 revolving fund established by this section be used to provide financial  
22 assistance to these water providers under the terms set forth in this  
23 article.~~

24           C. ALL MONIES SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND  
25 35-147, IN THE FUND AND SHALL BE HELD IN TRUST. ON NOTICE FROM THE  
26 AUTHORITY, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND  
27 AS PROVIDED IN SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE  
28 CREDITED TO THE FUND. THE MONIES IN THE FUND MAY NOT BE APPROPRIATED OR  
29 TRANSFERRED BY THE LEGISLATURE TO FUND THE GENERAL OPERATIONS OF THIS  
30 STATE OR TO OTHERWISE MEET THE OBLIGATIONS OF THE STATE GENERAL FUND  
31 UNLESS APPROVED BY A THREE-FOURTHS VOTE OF THE MEMBERS OF EACH HOUSE OF  
32 THE LEGISLATURE. THIS SUBSECTION DOES NOT APPLY TO ANY TAXES OR OTHER  
33 LEVIES THAT ARE IMPOSED PURSUANT TO TITLE 42 OR 43.

34           D. THE AUTHORITY SHALL ADMINISTER THE FUND. THE AUTHORITY SHALL  
35 ESTABLISH AS MANY OTHER ACCOUNTS AND SUBACCOUNTS AS REQUIRED TO ADMINISTER  
36 THE FUND. IF ANY BONDS ARE ISSUED UNDER SECTION 49-1278, THE AUTHORITY  
37 SHALL ESTABLISH ONE OR MORE BOND PROCEEDS ACCOUNTS AND ONE OR MORE BOND  
38 DEBT SERVICE ACCOUNTS AS NECESSARY TO ACCURATELY RECORD AND TRACK BOND  
39 PROCEEDS AND DEBT SERVICE REVENUES.

40           E. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE  
41 PURPOSES AUTHORIZED BY THIS CHAPTER.

42           F. MONIES IN THE FUND MAY BE USED TO SECURE WATER SUPPLY  
43 DEVELOPMENT BONDS OF THE AUTHORITY.

1           Sec. 20. Section 49-1273, Arizona Revised Statutes, as amended by  
2 Laws 2022, chapter 63, section 2, is amended to read:

3           49-1273. Water supply development revolving fund; purposes

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

6           1. Making ~~water supply development~~ loans to ~~water providers~~  
7 **ELIGIBLE ENTITIES** in this state under section 49-1274 for water supply  
8 development ~~purposes~~ **PROJECTS WITHIN THIS STATE. A SINGLE LOAN SHALL NOT**  
9 **EXCEED \$3,000,000.**

10           2. Making ~~loans or~~ grants or providing technical assistance to  
11 ~~water providers for planning or designing~~ **ELIGIBLE ENTITIES FOR** water  
12 supply development projects **IN THIS STATE.** A single grant shall not  
13 exceed ~~\$250,000~~ **\$2,000,000.**

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

17           4. Providing financial assistance to water providers with bonding  
18 authority to purchase insurance for local bond obligations incurred by  
19 them for water supply development purposes.

20           5. Paying the costs to administer the fund.

21           ~~6. Providing linked deposit guarantees through third-party lenders~~  
22 ~~by depositing monies with the lender on the condition that the lender make~~  
23 ~~a loan on terms approved by the board, at a rate of return on the deposit~~  
24 ~~approved by the board and the state treasurer and by giving the lender~~  
25 ~~recourse against the deposit of loan repayments that are not made when~~  
26 ~~due.~~

27           7. Conducting water supply studies.

28           B. If the monies pledged to secure water supply development bonds  
29 issued pursuant to section 49-1278 become insufficient to pay the  
30 principal and interest on the water supply development bonds guaranteed by  
31 the water supply development revolving fund, the authority shall direct  
32 the state treasurer to liquidate securities in the fund as may be  
33 necessary and shall apply those proceeds to make current all payments then  
34 due on the bonds. The state treasurer shall immediately notify the  
35 attorney general and auditor general of the insufficiency. The auditor  
36 general shall audit the circumstances surrounding the depletion of the  
37 fund and report the findings to the attorney general. The attorney  
38 general shall conduct an investigation and report those findings to the  
39 governor and the legislature.

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

43           ~~1. The board of supervisors of the county in which the water~~  
44 ~~provider is located has adopted the provision authorized by section~~  
45 ~~11-823, subsection A.~~



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

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

6 ~~4. The water provider is located outside of an active management~~  
7 ~~area and either of the following applies:~~

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

10 ~~(b) The water provider will use the financial assistance for a~~  
11 ~~water supply development project and the director of water resources has~~  
12 ~~determined pursuant to section 45-108 that there is an adequate water~~  
13 ~~supply for all subdivided land that will be served by the project and for~~  
14 ~~which a public report was issued after July 24, 2014.~~

15 ~~5. The water provider is located in a county with a population of~~  
16 ~~less than one million five hundred thousand persons.~~

17 Sec. 21. Section 49-1274, Arizona Revised Statutes, as amended by  
18 Laws 2022, chapter 63, section 3, is amended to read:

19 49-1274. Water supply development revolving fund financial  
20 assistance; procedures

21 A. In compliance with any applicable requirements, ~~a water provider~~  
22 **AN ELIGIBLE ENTITY** may apply to the authority for and accept and incur  
23 indebtedness as a result of a loan or any other financial assistance  
24 ~~pursuant to section 49-1273~~ from the water supply development revolving  
25 fund for water supply development **purposes** **PROJECTS IN THIS STATE**. In  
26 compliance with any applicable requirements, ~~a water provider~~ **AN ELIGIBLE**  
27 **ENTITY** may also apply to the authority for and accept grants, staff  
28 assistance or technical assistance for ~~the planning or design of a water~~  
29 ~~supply development project~~ **IN THIS STATE**. ~~A water provider that applies~~  
30 ~~for and accepts a loan or other financial assistance under this article is~~  
31 ~~not precluded from applying for and accepting a loan or other financial~~  
32 ~~assistance under article 2 of this chapter or under any other law.~~

33 B. The authority, ~~in consultation with the board,~~ shall **DO ALL OF**  
34 **THE FOLLOWING**:

35 1. Prescribe a simplified form and procedure to apply for and  
36 approve assistance.

37 2. Establish by rule criteria by which assistance will be awarded,  
38 including: ~~requirements for local participation in project costs, if~~  
39 ~~deemed advisable. The criteria shall include determining the following:~~

40 ~~(a) The ability of the applicant to repay a loan according to the~~  
41 ~~terms and conditions established by this section. At the option of the~~  
42 ~~board, the existence of a current investment grade rating on existing debt~~  
43 ~~of the applicant that is secured by the same revenues to be pledged to~~  
44 ~~secure repayment under the loan repayment agreement constitutes evidence~~  
45 ~~regarding ability to repay a loan.~~

1 ~~(b) The applicant's legal capability to enter into a loan repayment~~  
2 ~~agreement.~~

3 ~~(c) The applicant's financial ability to construct, operate and~~  
4 ~~maintain the project if it receives the financial assistance.~~

5 ~~(d) The applicant's ability to manage the project.~~

6 ~~(e) The applicant's ability to meet any applicable environmental~~  
7 ~~requirements imposed by federal or state agencies.~~

8 ~~(f) The applicant's ability to acquire any necessary regulatory~~  
9 ~~permits.~~

10 (a) FOR ANY ASSISTANCE:

11 (i) A DETERMINATION OF THE APPLICANT'S FINANCIAL ABILITY TO  
12 CONSTRUCT, OPERATE AND MAINTAIN THE PROJECT IF THE APPLICANT RECEIVES THE  
13 ASSISTANCE.

14 (ii) A DETERMINATION OF THE APPLICANT'S ABILITY TO MANAGE THE  
15 PROJECT.

16 (iii) A DETERMINATION OF THE APPLICANT'S ABILITY TO MEET ANY  
17 APPLICABLE ENVIRONMENTAL REQUIREMENTS IMPOSED BY FEDERAL OR STATE  
18 AGENCIES.

19 (iv) A DETERMINATION OF THE APPLICANT'S ABILITY TO ACQUIRE ANY  
20 NECESSARY REGULATORY PERMITS.

21 (b) IF THE APPLICANT IS APPLYING FOR A LOAN:

22 (i) A DETERMINATION OF THE ABILITY OF THE APPLICANT TO REPAY A LOAN  
23 ACCORDING TO THE TERMS AND CONDITIONS ESTABLISHED BY THIS SECTION. AT THE  
24 OPTION OF THE AUTHORITY, THE EXISTENCE OF A CURRENT INVESTMENT GRADE  
25 RATING ON EXISTING DEBT OF THE APPLICANT THAT IS SECURED BY THE SAME  
26 REVENUES TO BE PLEDGED TO SECURE REPAYMENT UNDER THE LOAN REPAYMENT  
27 AGREEMENT CONSTITUTES EVIDENCE REGARDING ABILITY TO REPAY A LOAN.

28 (ii) A DETERMINATION OF THE APPLICANT'S LEGAL CAPABILITY TO ENTER  
29 INTO A LOAN REPAYMENT AGREEMENT.

30 3. Determine the order and priority of projects assisted under this  
31 section based on the merits of the application with respect to water  
32 supply development issues, including the following:

33 ~~(a) Existing, near-term and long-term water demands of the water~~  
34 ~~provider compared to the existing water supplies of the water provider.~~

35 ~~(b) Existing and planned conservation and water management programs~~  
36 ~~of the water provider, including watershed management or protection.~~

37 ~~(c) Benefits of the project.~~

38 ~~(d) The sustainability of the water supply to be developed through~~  
39 ~~the project.~~

40 ~~(e) The water provider's need for financial assistance.~~

41 ~~(f) The cost-effectiveness of the project.~~

42 (a) THE ABILITY OF THE PROJECT TO PROVIDE MULTIPLE WATER SUPPLY  
43 DEVELOPMENT BENEFITS.

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

1 (c) THE RELIABILITY AND LONG-TERM SECURITY OF THE WATER SUPPLY TO  
2 BE DEVELOPED THROUGH THE PROJECT.

3 (d) THE DEGREE TO WHICH THE PROJECT WILL MAXIMIZE OR LEVERAGE  
4 MULTIPLE AVAILABLE FUNDING SOURCES, INCLUDING FEDERAL FUNDING.

5 (e) THE FEASIBILITY OF THE PROJECT, INCLUDING THE FEASIBILITY OF  
6 THE PROPOSED DESIGN AND OPERATION OF ANY PROJECT.

7 (f) COMMENTS FROM WATER USERS, LOCAL CITIZENS AND AFFECTED  
8 JURISDICTIONS.

9 (g) EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS COMPARED TO THE  
10 VOLUME AND RELIABILITY OF EXISTING WATER SUPPLIES OF THE PROPOSED  
11 RECIPIENTS OF THE WATER SUPPLY.

12 (h) EXISTING AND PLANNED CONSERVATION, BEST MANAGEMENT PRACTICES  
13 AND WATER MANAGEMENT PROGRAMS OF THE APPLICANT OR THE PROPOSED RECIPIENTS  
14 OF THE WATER SUPPLY.

15 (i) THE ABILITY OF THE PROJECT TO PROVIDE WATER SUPPLY DEVELOPMENT  
16 BENEFITS TO MULTIPLE JURISDICTIONS WITHIN THE STATE.

17 (j) OTHER CRITERIA THAT THE AUTHORITY DEEMS APPROPRIATE.

18 C. THE AUTHORITY SHALL CONDUCT BACKGROUND CHECKS, FINANCIAL CHECKS  
19 AND OTHER REVIEWS DEEMED APPROPRIATE FOR INDIVIDUAL APPLICANTS,  
20 APPLICANTS' BOARDS OF DIRECTORS AND OTHER PARTNERS OF THE APPLICANTS.

21 ~~C.~~ D. The ~~board~~ AUTHORITY shall review on its merits each  
22 application received and shall inform the applicant of the ~~board's~~  
23 AUTHORITY'S determination ~~within ninety days after receipt of a complete~~  
24 ~~and correct application~~. If the application is not approved, the ~~board~~  
25 AUTHORITY shall notify the applicant, stating the reasons. If the  
26 application is approved, the ~~board~~ AUTHORITY may condition the approval on  
27 assurances the ~~board~~ AUTHORITY deems necessary to ensure that the  
28 financial assistance will be used according to law and the terms of the  
29 application.

30 ~~D. On approval of an application under this section by the board,~~  
31 ~~the authority shall use monies in the water supply development revolving~~  
32 ~~fund to finance the project.~~

33 Sec. 22. Section 49-1275, Arizona Revised Statutes, as amended by  
34 Laws 2022, chapter 63, section 4, is amended to read:

35 49-1275. Water supply development revolving fund financial  
36 assistance: terms

37 A. A loan from the water supply development revolving fund shall be  
38 evidenced by bonds, if the ~~water provider~~ ELIGIBLE ENTITY has bonding  
39 authority, or by a ~~financial assistance~~ LOAN REPAYMENT agreement,  
40 delivered to and held by the authority.

41 B. A loan under this section shall:

42 ~~1. Be repaid not more than forty years after the date incurred.~~

43 ~~2. Require that interest payments begin not later than the next~~  
44 ~~date that either principal or interest must be paid by the authority to~~  
45 ~~the holders of any of the authority's bonds that provided funding for the~~

1 ~~loan. If the loan is for constructing water supply development facilities,~~  
2 ~~the authority may provide that loan interest accruing during construction~~  
3 ~~and one year after completing the construction be capitalized in the loan.~~

4 ~~3.~~ 1. Be conditioned on establishing a dedicated revenue source  
5 for repaying the loan.

6 2. BE REPAYED IN A PERIOD AND ON TERMS DETERMINED BY THE AUTHORITY.

7 C. The authority, ~~in consultation with the board,~~ shall prescribe  
8 the rate of interest on loans made under this section, but the rate shall  
9 not exceed the prevailing market rate for similar types of loans. The  
10 authority, ~~on recommendations from the board,~~ may adopt rules that provide  
11 for flexible interest rates and interest-free loans. All ~~financial~~  
12 ~~assistance~~ LOAN agreements or bonds of ~~a water provider~~ AN ELIGIBLE ENTITY  
13 shall clearly specify the amount of principal and interest and any  
14 redemption premium that is due on any payment date. ~~THE AUTHORITY MAY NOT~~  
15 ~~UNILATERALLY AMEND A LOAN REPAYMENT AGREEMENT, LOAN OR BOND AFTER ITS~~  
16 ~~EXECUTION OR IMPLEMENT ANY POLICY THAT MODIFIES TERMS AND CONDITIONS OR~~  
17 ~~AFFECTS A PREVIOUSLY EXECUTED LOAN REPAYMENT AGREEMENT, LOAN OR BOND. THE~~  
18 ~~AUTHORITY MAY NOT IMPOSE A REDEMPTION PREMIUM OR AN INTEREST PAYMENT~~  
19 ~~BEYOND THE DATE THE PRINCIPAL IS PAID AS A CONDITION OF REFINANCING OR~~  
20 ~~RECEIVING PREPAYMENT ON A LOAN REPAYMENT AGREEMENT, LOAN OR BOND IF THE~~  
21 ~~LOAN REPAYMENT AGREEMENT, LOAN OR BOND DID NOT ORIGINALLY CONTAIN A~~  
22 ~~REDEMPTION PREMIUM OR INTEREST PAYMENT BEYOND THE DATE THE PRINCIPAL IS~~  
23 ~~PAID.~~

24 D. The approval of a loan is conditioned on a written commitment by  
25 the ~~water provider~~ ELIGIBLE ENTITY to complete all applicable reviews and  
26 approvals and to secure all required permits in a timely manner.

27 E. A loan made to ~~a water provider under this section~~ AN ELIGIBLE  
28 ENTITY THAT IS A POLITICAL SUBDIVISION OF THIS STATE may be secured  
29 additionally by an irrevocable pledge of any shared state revenues due to  
30 the ~~water provider~~ ELIGIBLE ENTITY for the duration of the loan as  
31 prescribed by ~~a resolution of the board. If the board requires an~~  
32 ~~irrevocable pledge of the shared state revenues for financial assistance~~  
33 ~~loan repayment agreements, the authority shall enter into an intercreditor~~  
34 ~~agreement with the greater Arizona development authority to define the~~  
35 ~~allocation of shared state revenues in relation to individual borrowers~~  
36 THE AUTHORITY. AS APPLICABLE TO LOANS ADDITIONALLY SECURED WITH SHARED  
37 STATE REVENUES, THE AUTHORITY MAY ENTER INTO AGREEMENTS TO SPECIFY THE  
38 ALLOCATION OF SHARED STATE REVENUES IN RELATION TO INDIVIDUAL BORROWERS  
39 FROM SUCH AUTHORITIES. If a pledge OF SHARED STATE REVENUES AS ADDITIONAL  
40 SECURITY FOR A LOAN is required and ~~a water provider~~ THE ELIGIBLE ENTITY  
41 fails to make any payment due to the authority under its loan repayment  
42 agreement or THE ELIGIBLE ENTITY'S bonds, the authority shall certify to  
43 the state treasurer and notify the governing body of the defaulting ~~water~~  
44 ~~provider~~ ELIGIBLE ENTITY that the ~~water provider~~ ELIGIBLE ENTITY has  
45 failed to make the required payment and shall direct a withholding of

1 ~~state~~ shared STATE revenues as prescribed in subsection F of this section.  
2 The certificate of default shall be in the form determined by the  
3 authority, except that the certificate shall specify the amount required  
4 to satisfy the unpaid payment obligation of the ~~water provider~~ ELIGIBLE  
5 ENTITY.

6 F. On receipt of a certificate of default from the authority, the  
7 state treasurer, to the extent not expressly prohibited by law, shall  
8 withhold any monies due to the defaulting ~~water provider~~ ELIGIBLE ENTITY  
9 from the next succeeding distribution of monies pursuant to section  
10 42-5029. In the case of AN ELIGIBLE ENTITY THAT IS a city or town, the  
11 state treasurer shall also withhold from the monies due to the defaulting  
12 city or town from the next succeeding distribution of monies pursuant to  
13 section 43-206 the amount specified in the certificate of default and  
14 shall immediately deposit the monies in the water supply development  
15 revolving fund. The state treasurer shall continue to withhold and  
16 deposit monies until the authority certifies to the state treasurer that  
17 the default has been cured. The state treasurer shall not withhold any  
18 amount that is necessary to make any required deposits then due for the  
19 payment of principal and interest on bonds OR INDEBTEDNESS of the ~~water~~  
20 ~~provider~~ ELIGIBLE ENTITY if so certified by the defaulting ~~water provider~~  
21 ELIGIBLE ENTITY to the state treasurer and the authority. The ~~water~~  
22 ~~provider~~ DEFAULTING ELIGIBLE ENTITY shall not certify deposits as  
23 necessary for payment for bonds OR INDEBTEDNESS unless the bonds were  
24 issued OR THE INDEBTEDNESS INCURRED before the date of the loan repayment  
25 agreement and the bonds ~~were~~ OR INDEBTEDNESS WAS secured by a pledge of  
26 ~~distribution~~ DISTRIBUTIONS made pursuant to sections 42-5029 and 43-206.

27 G. BY RESOLUTION OF THE BOARD, THE AUTHORITY MAY IMPOSE ANY  
28 ADDITIONAL REQUIREMENTS IT CONSIDERS NECESSARY TO ENSURE THAT THE LOAN  
29 PRINCIPAL AND INTEREST ARE TIMELY PAID.

30 H. ALL MONIES RECEIVED FROM ELIGIBLE ENTITIES AS LOAN REPAYMENTS,  
31 INTEREST AND PENALTIES SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND  
32 35-147, IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND.

33 I. FOR AN ELIGIBLE ENTITY THAT IS A POLITICAL SUBDIVISION OF THIS  
34 STATE, THE REVENUES OF THE ELIGIBLE ENTITY'S UTILITY SYSTEM OR SYSTEMS MAY  
35 BE PLEDGED TO THE PAYMENT OF A LOAN WITHOUT AN ELECTION, IF THE PLEDGE OF  
36 REVENUES DOES NOT VIOLATE ANY COVENANT PERTAINING TO THE UTILITY SYSTEM OR  
37 SYSTEMS OR THE REVENUES PLEDGED TO SECURE OUTSTANDING BONDS OR OTHER  
38 OBLIGATIONS OR INDEBTEDNESS OF THE ELIGIBLE ENTITY.

39 J. FOR AN ELIGIBLE ENTITY THAT IS A POLITICAL SUBDIVISION OF THIS  
40 STATE, IF THE REVENUES FROM A SECONDARY PROPERTY TAX LEVY CONSTITUTE  
41 REVENUES PLEDGED BY THE ELIGIBLE ENTITY TO REPAY A LOAN, THE ELIGIBLE  
42 ENTITY SHALL SUBMIT THE QUESTION OF ENTERING AND PERFORMING A LOAN  
43 REPAYMENT AGREEMENT TO THE QUALIFIED ELECTORS OF THE ELIGIBLE ENTITY AT AN  
44 ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER.

1 K. AN ELECTION IS NOT REQUIRED IF VOTER APPROVAL HAS PREVIOUSLY  
2 BEEN OBTAINED FOR SUBSTANTIALLY THE SAME PROJECT WITH ANOTHER FUNDING  
3 SOURCE.

4 L. PAYMENTS MADE PURSUANT TO A LOAN REPAYMENT AGREEMENT ARE NOT  
5 SUBJECT TO SECTION 42-17106.

6 M. FOR AN ELIGIBLE ENTITY THAT IS A POLITICAL SUBDIVISION OF THIS  
7 STATE, A LOAN REPAYMENT AGREEMENT UNDER THIS SECTION DOES NOT CREATE A  
8 DEBT OF THE ELIGIBLE ENTITY, AND THE AUTHORITY MAY NOT REQUIRE THAT  
9 PAYMENT OF A LOAN REPAYMENT AGREEMENT BE MADE FROM OTHER THAN THE REVENUES  
10 PLEDGED BY THE ELIGIBLE ENTITY.

11 N. AN ELIGIBLE ENTITY MAY EMPLOY ATTORNEYS, ACCOUNTANTS, FINANCIAL  
12 CONSULTANTS AND OTHER EXPERTS IN THEIR FIELDS AS DEEMED NECESSARY TO  
13 PERFORM SERVICES WITH RESPECT TO A LOAN REPAYMENT AGREEMENT.

14 O. AT THE DIRECTION OF THE AUTHORITY, AN ELIGIBLE ENTITY SHALL PAY,  
15 AND IS AUTHORIZED TO PAY, THE AUTHORITY'S COSTS IN ISSUING WATER SUPPLY  
16 DEVELOPMENT BONDS OR OTHERWISE BORROWING TO FUND A LOAN.

17 Sec. 23. Title 49, chapter 8, Arizona Revised Statutes, is amended  
18 by adding articles 4 and 5, to read:

19 ARTICLE 4. LONG-TERM WATER AUGMENTATION FUND

20 49-1301. Definitions

21 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 1. "ELIGIBLE ENTITY" MEANS ANY OF THE FOLLOWING:

23 (a) A WATER PROVIDER.

24 (b) ANY CITY, TOWN, COUNTY, DISTRICT, COMMISSION, AUTHORITY OR  
25 OTHER PUBLIC ENTITY THAT IS ORGANIZED AND THAT EXISTS UNDER THE STATUTORY  
26 LAW OF THIS STATE OR UNDER A VOTER-APPROVED CHARTER OR INITIATIVE OF THIS  
27 STATE.

28 2. "FINANCIAL ASSISTANCE" MEANS LOANS PROVIDED BY THE AUTHORITY TO  
29 ELIGIBLE ENTITIES AND CREDIT ENHANCEMENTS PURCHASED FOR AN ELIGIBLE  
30 ENTITY'S BONDS OR OTHER FORMS OF INDEBTEDNESS PURSUANT TO SECTION 49-1307.

31 3. "LOAN" MEANS A BOND, LEASE, LOAN OR OTHER EVIDENCE OF  
32 INDEBTEDNESS PERTAINING TO FINANCIAL ASSISTANCE FOR WATER SUPPLY  
33 DEVELOPMENT PROJECTS ISSUED FROM THE LONG-TERM WATER AUGMENTATION FUND.

34 4. "LOAN REPAYMENT AGREEMENT" MEANS AN AGREEMENT TO REPAY A LOAN  
35 THAT IS ISSUED FROM THE LONG-TERM WATER AUGMENTATION FUND AND THAT IS  
36 ENTERED INTO BY AN ELIGIBLE ENTITY.

37 5. "PLEDGED REVENUES" MEANS ANY MONIES TO BE RECEIVED BY AN  
38 ELIGIBLE ENTITY, INCLUDING PROPERTY TAXES, OTHER LOCAL TAXES, FEES,  
39 ASSESSMENTS, RATES OR CHARGES THAT ARE PLEDGED BY THE ELIGIBLE ENTITY AS A  
40 SOURCE OF REPAYMENT FOR A LOAN REPAYMENT AGREEMENT.

41 49-1302. Long-term water augmentation fund

42 A. THE LONG-TERM WATER AUGMENTATION FUND IS ESTABLISHED TO BE  
43 MAINTAINED IN PERPETUITY CONSISTING OF ALL OF THE FOLLOWING:

44 1. MONIES RECEIVED FROM THE ISSUANCE AND SALE OF LONG-TERM WATER  
45 AUGMENTATION BONDS UNDER SECTION 49-1309.

- 1           2. MONIES APPROPRIATED BY THE LEGISLATURE TO THE FUND.
- 2           3. MONIES RECEIVED FOR ANY ALLOWABLE PURPOSE OF THE FUND FROM THE
- 3 UNITED STATES GOVERNMENT.
- 4           4. MONIES RECEIVED AS LOAN REPAYMENTS, INTEREST, ADMINISTRATIVE
- 5 FEES AND PENALTIES.
- 6           5. MONIES FROM ANY LAWFUL ACTIVITIES OF THE AUTHORITY, INCLUDING
- 7 PUBLIC-PRIVATE PARTNERSHIP AGREEMENTS RELATING TO WATER SUPPLY DEVELOPMENT
- 8 PROJECTS.
- 9           6. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE
- 10 FUND.
- 11           7. GIFTS, GRANTS AND DONATIONS RECEIVED FOR PURPOSES OF THE FUND
- 12 FROM ANY PUBLIC OR PRIVATE SOURCE.
- 13           B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT
- 14 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
- 15 APPROPRIATIONS. ON NOTICE FROM THE AUTHORITY, THE STATE TREASURER SHALL
- 16 INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED IN SECTIONS 35-313 AND
- 17 35-314.03, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE
- 18 FUND.
- 19           C. ALL MONIES SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND
- 20 35-147, IN THE FUND AND SHALL BE HELD IN TRUST. THE MONIES IN THE FUND
- 21 MAY NOT BE APPROPRIATED OR TRANSFERRED BY THE LEGISLATURE TO FUND THE
- 22 GENERAL OPERATIONS OF THIS STATE OR TO OTHERWISE MEET THE OBLIGATIONS OF
- 23 THE STATE GENERAL FUND UNLESS APPROVED BY A THREE-FOURTHS VOTE OF THE
- 24 MEMBERS OF EACH HOUSE OF THE LEGISLATURE.
- 25           D. THE AUTHORITY SHALL ADMINISTER THE FUND. THE AUTHORITY SHALL
- 26 ESTABLISH AS MANY OTHER ACCOUNTS AND SUBACCOUNTS AS REQUIRED TO ADMINISTER
- 27 THE FUND. IF ANY LONG-TERM WATER AUGMENTATION BONDS ARE ISSUED UNDER
- 28 SECTION 49-1309, THE AUTHORITY SHALL ESTABLISH ONE OR MORE BOND PROCEEDS
- 29 ACCOUNTS AND ONE OR MORE BOND DEBT SERVICE ACCOUNTS AS NECESSARY TO
- 30 ACCURATELY RECORD AND TRACK BOND PROCEEDS AND DEBT SERVICE REVENUES.
- 31           E. THE AUTHORITY SHALL USE THE MONIES AND OTHER ASSETS IN THE FUND
- 32 SOLELY FOR THE PURPOSES AUTHORIZED BY THIS CHAPTER.
- 33           F. MONIES IN THE FUND MAY BE USED FOR SECURING LONG-TERM WATER
- 34 AUGMENTATION BONDS OF THE AUTHORITY.
- 35           49-1303. Long-term water augmentation fund; purposes;
- 36                                   limitation
- 37           A. MONIES AND OTHER ASSETS IN THE LONG-TERM WATER AUGMENTATION FUND
- 38 MAY BE USED FOR THE FOLLOWING PURPOSES:
- 39           1. FUNDING WATER SUPPLY DEVELOPMENT PROJECTS THAT IMPORT WATER FROM
- 40 OUTSIDE THE BOUNDARIES OF THIS STATE. AT LEAST SEVENTY-FIVE PERCENT OF
- 41 THE MONIES IN THE FISCAL YEARS 2022-2023, 2023-2024 AND 2024-2025
- 42 APPROPRIATIONS TO THE FUND SHALL BE RESERVED FOR ONE OR MORE PROJECTS WITH
- 43 THIS PURPOSE, AND THOSE MONIES SHALL BE ACCOUNTED FOR SEPARATELY.
- 44           2. PURCHASING IMPORTED WATER OR RIGHTS TO IMPORTED WATER.

- 1           3. ACQUIRING OR CONSTRUCTING WATER-RELATED FACILITIES IN THIS STATE
- 2 TO CONVEY OR DELIVER IMPORTED WATER WITHIN THE STATE.
- 3           4. CONDUCTING INVESTIGATIONS, INCLUDING PERFORMING ENVIRONMENTAL OR
- 4 OTHER REVIEWS.
- 5           5. CONTRACTING FOR WATER NEEDS ASSESSMENTS.
- 6           6. PROVIDING FINANCIAL ASSISTANCE TO ELIGIBLE ENTITIES FOR THE
- 7 PURPOSES OF FINANCING OR REFINANCING WATER SUPPLY DEVELOPMENT PROJECTS
- 8 WITHIN THIS STATE, INCLUDING PROJECTS FOR CONSERVATION THROUGH REDUCING
- 9 EXISTING WATER USE OR MORE EFFICIENT USES OF EXISTING WATER SUPPLIES.
- 10          7. GUARANTEEING DEBT OBLIGATIONS OF ELIGIBLE ENTITIES THAT ARE
- 11 ISSUED OR INCURRED TO FINANCE OR REFINANCE WATER SUPPLY DEVELOPMENT
- 12 PROJECTS WITHIN THIS STATE OR PROVIDING CREDIT ENHANCEMENTS IN CONNECTION
- 13 WITH THESE DEBT OBLIGATIONS.
- 14          8. PAYING THE COSTS TO ADMINISTER THE FUND.
- 15          9. FUNDING NOT MORE THAN TEN FULL-TIME EQUIVALENT POSITIONS OF THE
- 16 AUTHORITY.
- 17          B. IN PROVIDING FINANCIAL ASSISTANCE FROM THE FUND, THE AUTHORITY
- 18 SHALL COMPLY WITH SECTION 49-1304.
- 19          C. MONIES IN THE FUND MAY NOT BE USED TO PURCHASE CONSERVATION OR
- 20 OTHER SIMILAR EASEMENTS ON REAL PROPERTY.
- 21          D. IF THE MONIES PLEDGED TO SECURE LONG-TERM WATER AUGMENTATION
- 22 BONDS ISSUED PURSUANT TO SECTION 49-1309 BECOME INSUFFICIENT TO PAY THE
- 23 PRINCIPAL AND INTEREST ON THE LONG-TERM WATER AUGMENTATION BONDS
- 24 GUARANTEED BY THE FUND, THE AUTHORITY SHALL DIRECT THE STATE TREASURER TO
- 25 LIQUIDATE SECURITIES IN THE FUND AS MAY BE NECESSARY AND SHALL APPLY THOSE
- 26 PROCEEDS TO MAKE CURRENT ALL PAYMENTS THEN DUE ON THE LONG-TERM WATER
- 27 AUGMENTATION BONDS. THE STATE TREASURER SHALL IMMEDIATELY NOTIFY THE
- 28 ATTORNEY GENERAL AND AUDITOR GENERAL OF THE INSUFFICIENCY. THE AUDITOR
- 29 GENERAL SHALL AUDIT THE CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE
- 30 FUND AND REPORT THE FINDINGS TO THE ATTORNEY GENERAL. THE ATTORNEY
- 31 GENERAL SHALL CONDUCT AN INVESTIGATION AND REPORT THOSE FINDINGS TO THE
- 32 GOVERNOR AND THE LEGISLATURE.
- 33          E. THE AUTHORITY SHALL TAKE NECESSARY ACTIONS TO OBTAIN FULL
- 34 REPAYMENT FOR MONIES OR FINANCIAL ASSISTANCE PROVIDED FROM THE FUND BY THE
- 35 RECIPIENTS OF THE FUNDING OR FINANCIAL ASSISTANCE OR THE RECIPIENTS OF ANY
- 36 WATER SUPPLY DEVELOPMENT PROJECT MADE AVAILABLE FROM MONIES FROM THE FUND
- 37 THROUGH WATER SUBCONTRACTS, LOAN REPAYMENTS, RATES, FEES, CHARGES OR
- 38 OTHERWISE, AS APPROPRIATE. THIS SUBSECTION DOES NOT APPLY TO MONIES SPENT
- 39 BY THE AUTHORITY FOR INVESTIGATIONS AND STUDIES OR MONIES SPENT IN
- 40 CONNECTION WITH LOAN GUARANTEES OR CREDIT ENHANCEMENT.
- 41           49-1304. Evaluation criteria for projects from the long-term
- 42   water augmentation fund
- 43          A. THE AUTHORITY SHALL DETERMINE THE ORDER AND PRIORITY OF WATER
- 44 SUPPLY DEVELOPMENT PROJECTS PROPOSED TO BE FUNDED IN WHOLE OR IN PART WITH
- 45 MONIES FROM THE LONG-TERM WATER AUGMENTATION FUND, PARTICIPATION IN



1 PROJECTS TO IMPORT WATER OR ALLOCATION OF IMPORTED WATER BASED ON THE  
2 FOLLOWING, AS APPLICABLE:

3 1. THE BENEFITS OF THE PROJECT TO CURRENT AND FUTURE RESIDENTS OF  
4 THIS STATE, INCLUDING THE ABILITY OF THE PROJECT TO IMPROVE ACCESS TO  
5 WATER SUPPLIES FOR USE WITHIN THIS STATE AND PROMOTE ECONOMIC GROWTH, IN  
6 RELATION TO THE PROJECTED COST OF THE PROJECT.

7 2. THE ABILITY OF THE PROJECT TO PROVIDE MULTIPLE WATER SUPPLY  
8 DEVELOPMENT BENEFITS.

9 3. THE PROJECTED COSTS OF THE PROJECT.

10 4. THE ABILITY OF THE PROJECT TO ADDRESS OR MITIGATE WATER SUPPLY  
11 REDUCTIONS TO EXISTING WATER USERS, CONSIDERING THE EXISTENCE, FEASIBILITY  
12 AND LONG-TERM RELIABILITY OF MITIGATION MEASURES AVAILABLE TO THE  
13 APPLICANT OR PROPOSED BENEFICIARIES, INCLUDING THE AVAILABILITY OF WATER  
14 SUPPLIES FROM THE ARIZONA WATER BANKING AUTHORITY.

15 5. THE COST-EFFECTIVENESS OF THE PROJECT.

16 6. THE RELIABILITY AND LONG-TERM SECURITY OF THE WATER SUPPLY TO BE  
17 DEVELOPED THROUGH THE PROJECT.

18 7. EXISTING AND PLANNED CONSERVATION, BEST MANAGEMENT PRACTICES AND  
19 WATER MANAGEMENT PROGRAMS OF THE APPLICANT OR POTENTIAL APPLICANT.

20 8. THE DEGREE TO WHICH THE PROJECT WILL MAXIMIZE OR LEVERAGE  
21 MULTIPLE AVAILABLE FUNDING SOURCES, INCLUDING FEDERAL FUNDING.

22 9. THE APPLICANT'S ABILITY TO MEET ANY APPLICABLE ENVIRONMENTAL  
23 REQUIREMENTS IMPOSED BY ANY FEDERAL OR STATE AGENCY.

24 10. THE QUALIFICATIONS, INDUSTRY EXPERIENCE, INCLUDING EXPERIENCE  
25 WITH SIMILAR PROJECTS, GENERAL REPUTATION AND FINANCIAL CAPACITY OF THE  
26 APPLICANT OR ANY PRIVATE PARTNER, BASED ON APPROPRIATE DUE DILIGENCE.

27 11. THE FEASIBILITY OF THE PROJECT, INCLUDING THE FEASIBILITY OF  
28 THE PROPOSED DESIGN AND OPERATION OF THE PROJECT.

29 12. COMMENTS FROM WATER USERS, LOCAL CITIZENS AND AFFECTED  
30 JURISDICTIONS.

31 13. FOR PROJECTS INVOLVING THE CONSTRUCTION OR OPERATION OF  
32 WATER-RELATED FACILITIES, THE SAFETY RECORD OF ANY PRIVATE PARTNER.

33 14. EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS COMPARED TO THE  
34 VOLUME AND RELIABILITY OF EXISTING WATER SUPPLIES OF THE BENEFICIARIES OF  
35 THE FUNDING OR PROJECT. IN EVALUATING THIS CRITERION, THE AUTHORITY SHALL  
36 CONSIDER INFORMATION CONTAINED IN ANY APPLICABLE WATER SUPPLY AND DEMAND  
37 ASSESSMENT THAT HAS BEEN ISSUED BY THE DIRECTOR OF WATER RESOURCES  
38 PURSUANT TO SECTION 45-105, SUBSECTION B, PARAGRAPH 14, IN ADDITION TO ANY  
39 OTHER INFORMATION SUBMITTED TO EVALUATE THIS CRITERION.

40 15. POTENTIAL IMPACTS TO RATEPAYERS.

41 16. THE ABILITY OF THE APPLICANT AND ANY PUBLIC OR PRIVATE PARTNER  
42 TO FULLY REPAY ALL FINANCIAL OBLIGATIONS TO THE AUTHORITY.



1 C. A LOAN SHALL BE EVIDENCED BY A LOAN REPAYMENT AGREEMENT OR LEASE  
2 PURCHASE AGREEMENT, OR TO THE EXTENT AN ELIGIBLE ENTITY IS A POLITICAL  
3 SUBDIVISION OF THIS STATE AND HAS BONDING AUTHORITY, BONDS OF THE ELIGIBLE  
4 ENTITY THAT ARE DELIVERED TO AND HELD BY THE AUTHORITY.

5 D. A LOAN UNDER THIS SECTION:

6 1. SHALL BE REPAID DURING A PERIOD APPROVED BY THE AUTHORITY.

7 2. SHALL REQUIRE THAT INTEREST PAYMENTS BEGIN NOT LATER THAN THE  
8 NEXT DATE THAT EITHER PRINCIPAL OR INTEREST MUST BE PAID BY THE AUTHORITY  
9 TO HOLDERS OF ANY OF THE AUTHORITY'S LONG-TERM WATER AUGMENTATION BONDS  
10 THAT PROVIDED FUNDING FOR THE LOAN. THE AUTHORITY MAY PROVIDE THAT LOAN  
11 INTEREST ACCRUING DURING CONSTRUCTION OF THE ELIGIBLE ENTITY'S WATER  
12 SUPPLY DEVELOPMENT PROJECT AND UP TO ONE YEAR AFTER COMPLETION OF THE  
13 CONSTRUCTION OF THE WATER SUPPLY DEVELOPMENT PROJECT BE CAPITALIZED IN THE  
14 LOAN.

15 3. SHALL CLEARLY SPECIFY THE AMOUNT OF PRINCIPAL, INTEREST AND  
16 REDEMPTION PREMIUM, IF ANY, THAT IS DUE ON ANY PAYMENT DATE.

17 4. SHALL BE CONDITIONED ON THE IDENTIFICATION OF PLEDGED REVENUES  
18 FOR REPAYING THE LOAN. IF THE WATER SUPPLY DEVELOPMENT PROJECT FINANCED  
19 OR REFINANCED BY THE LOAN IS PART OF A MUNICIPAL UTILITY AND THE CITY OR  
20 TOWN PLEDGES REVENUES OF THE UTILITY TO REPAY THE LOAN, THE LOAN MAY BE  
21 TREATED UNDER SECTION 9-530, SUBSECTION B AS A LAWFUL LONG-TERM OBLIGATION  
22 INCURRED FOR A SPECIFIC PURPOSE.

23 5. TO THE EXTENT ALLOWED BY LAW, SHALL BE SECURED BY A DEBT SERVICE  
24 RESERVE ACCOUNT THAT IS HELD IN TRUST AND THAT IS IN AN AMOUNT, IF ANY, AS  
25 DETERMINED BY THE AUTHORITY.

26 6. SHALL CONTAIN THE COVENANTS AND CONDITIONS PERTAINING TO  
27 CONSTRUCTING, ACQUIRING, IMPROVING OR EQUIPPING WATER SUPPLY DEVELOPMENT  
28 PROJECTS AND REPAYING THE LOAN AS THE AUTHORITY DEEMS PROPER.

29 7. MAY PROVIDE FOR PAYING INTEREST ON THE UNPAID PRINCIPAL BALANCE  
30 OF THE LOAN AT THE RATES ESTABLISHED IN THE LOAN REPAYMENT AGREEMENT.

31 8. MAY PROVIDE FOR PAYING THE ELIGIBLE ENTITY'S PROPORTIONATE SHARE  
32 OF THE EXPENSES OF ADMINISTERING THE LONG-TERM WATER AUGMENTATION FUND AND  
33 MAY PROVIDE THAT THE ELIGIBLE ENTITY PAY FINANCING AND LOAN ADMINISTRATION  
34 FEES APPROVED BY THE AUTHORITY. THE COSTS MAY BE INCLUDED IN THE LEVY,  
35 ASSESSMENT, RATES OR CHARGES OF THE PLEDGED REVENUES PLEDGED BY THE  
36 ELIGIBLE ENTITY TO REPAY THE LOAN.

37 E. THE AUTHORITY SHALL PRESCRIBE THE RATE OR RATES OF INTEREST ON  
38 LOANS MADE UNDER THIS SECTION, BUT THE RATE OR RATES MAY NOT EXCEED THE  
39 PREVAILING MARKET RATE FOR SIMILAR TYPES OF LOANS. AN ELIGIBLE ENTITY  
40 THAT IS A POLITICAL SUBDIVISION OF THIS STATE MAY NEGOTIATE THE SALE OF  
41 ITS BONDS TO, OR A LOAN REPAYMENT AGREEMENT WITH, THE AUTHORITY WITHOUT  
42 COMPLYING WITH ANY PUBLIC OR ACCELERATED BIDDING REQUIREMENTS IMPOSED BY  
43 ANY OTHER LAW FOR THE SALE OF ITS BONDS.

1 F. THE APPROVAL OF A LOAN SHALL BE CONDITIONED ON A WRITTEN  
2 COMMITMENT BY THE ELIGIBLE ENTITY TO COMPLETE ALL APPLICABLE REVIEWS AND  
3 APPROVALS AND TO SECURE ALL REQUIRED PERMITS IN A TIMELY MANNER.

4 G. BY RESOLUTION OF THE BOARD, THE AUTHORITY MAY IMPOSE ANY  
5 ADDITIONAL REQUIREMENTS IT CONSIDERS NECESSARY TO ENSURE THAT THE LOAN  
6 PRINCIPAL AND INTEREST ARE TIMELY PAID.

7 H. ALL MONIES RECEIVED FROM ELIGIBLE ENTITIES AS LOAN REPAYMENTS,  
8 INTEREST AND PENALTIES SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND  
9 35-147, IN THE LONG-TERM WATER AUGMENTATION FUND.

10 I. IF REQUESTED BY THE AUTHORITY, THE ATTORNEY GENERAL SHALL TAKE  
11 WHATEVER ACTIONS ARE NECESSARY TO ENFORCE THE LOAN REPAYMENT AGREEMENT AND  
12 ACHIEVE REPAYMENT OF LOANS PROVIDED BY THE AUTHORITY PURSUANT TO THIS  
13 ARTICLE.

14 J. FOR ELIGIBLE ENTITIES THAT ARE POLITICAL SUBDIVISIONS OF THIS  
15 STATE, THE REVENUES OF THE ELIGIBLE ENTITIES' UTILITY SYSTEM OR SYSTEMS  
16 MAY BE PLEDGED TO THE PAYMENT OF A LOAN REPAYMENT AGREEMENT WITHOUT AN  
17 ELECTION, IF THE PLEDGE OF REVENUES DOES NOT VIOLATE ANY COVENANT  
18 PERTAINING TO THE UTILITY SYSTEM OR SYSTEMS OR THE REVENUES PLEDGED TO  
19 SECURE OUTSTANDING BONDS OR OTHER OBLIGATIONS OR INDEBTEDNESS OF THE  
20 ELIGIBLE ENTITIES.

21 K. FOR AN ELIGIBLE ENTITY THAT IS A POLITICAL SUBDIVISION OF THIS  
22 STATE, AND NOTWITHSTANDING SECTIONS 9-571 AND 11-671, IF THE REVENUES FROM  
23 A SECONDARY PROPERTY TAX LEVY CONSTITUTE PLEDGED REVENUES, THE ELIGIBLE  
24 ENTITY IS NOT REQUIRED TO SUBMIT TO A VOTE THE QUESTION OF ENTERING AND  
25 PERFORMING A LOAN REPAYMENT AGREEMENT.

26 L. PAYMENTS MADE PURSUANT TO A LOAN REPAYMENT AGREEMENT ARE NOT  
27 SUBJECT TO SECTION 42-17106.

28 M. FOR ELIGIBLE ENTITIES THAT ARE POLITICAL SUBDIVISIONS OF THIS  
29 STATE, A LOAN REPAYMENT AGREEMENT UNDER THIS SECTION DOES NOT CREATE A  
30 DEBT OF THE ELIGIBLE ENTITIES, AND THE AUTHORITY MAY NOT REQUIRE THAT  
31 PAYMENT OF A LOAN REPAYMENT AGREEMENT BE MADE FROM OTHER THAN THE PLEDGED  
32 REVENUES PLEDGED BY THE ELIGIBLE ENTITIES.

33 N. AN ELIGIBLE ENTITY MAY EMPLOY ATTORNEYS, ACCOUNTANTS, FINANCIAL  
34 CONSULTANTS AND OTHER EXPERTS IN THEIR FIELDS AS DEEMED NECESSARY TO  
35 PERFORM SERVICES WITH RESPECT TO A LOAN REPAYMENT AGREEMENT.

36 O. AT THE DIRECTION OF THE AUTHORITY, THE ELIGIBLE ENTITY SHALL  
37 PAY, AND IS HEREBY AUTHORIZED TO PAY, THE AUTHORITY'S COSTS IN ISSUING  
38 LONG-TERM WATER AUGMENTATION BONDS OR OTHERWISE BORROWING TO FUND A LOAN.

39 P. A LOAN MADE TO AN ELIGIBLE ENTITY THAT IS A POLITICAL  
40 SUBDIVISION OF THIS STATE MAY BE SECURED ADDITIONALLY BY AN IRREVOCABLE  
41 PLEDGE OF ANY SHARED STATE REVENUES DUE TO THE ELIGIBLE ENTITY FOR THE  
42 DURATION OF THE LOAN AS PRESCRIBED BY THE AUTHORITY. AS APPLICABLE TO  
43 LOANS ADDITIONALLY SECURED WITH SHARED STATE REVENUES, THE AUTHORITY MAY  
44 ENTER INTO AGREEMENTS TO SPECIFY THE ALLOCATION OF SHARED STATE REVENUES  
45 IN RELATION TO INDIVIDUAL BORROWERS FROM SUCH AUTHORITIES. IF A PLEDGE OF

1 SHARED STATE REVENUES AS ADDITIONAL SECURITY FOR A LOAN IS REQUIRED AND  
2 THE ELIGIBLE ENTITY FAILS TO MAKE ANY PAYMENT DUE TO THE AUTHORITY UNDER  
3 ITS LOAN REPAYMENT AGREEMENT OR THE ELIGIBLE ENTITY'S BONDS, THE AUTHORITY  
4 SHALL CERTIFY TO THE STATE TREASURER AND NOTIFY THE GOVERNING BODY OF THE  
5 DEFAULTING ELIGIBLE ENTITY THAT THE ELIGIBLE ENTITY HAS FAILED TO MAKE THE  
6 REQUIRED PAYMENT AND SHALL DIRECT A WITHHOLDING OF SHARED STATE REVENUES  
7 AS PRESCRIBED IN SUBSECTION Q OF THIS SECTION. THE CERTIFICATE OF DEFAULT  
8 SHALL BE IN THE FORM DETERMINED BY THE AUTHORITY, EXCEPT THAT THE  
9 CERTIFICATE SHALL SPECIFY THE AMOUNT REQUIRED TO SATISFY THE UNPAID  
10 PAYMENT OBLIGATION OF THE ELIGIBLE ENTITY.

11 Q. ON RECEIPT OF A CERTIFICATE OF DEFAULT FROM THE AUTHORITY, THE  
12 STATE TREASURER, TO THE EXTENT NOT EXPRESSLY PROHIBITED BY LAW, SHALL  
13 WITHHOLD ANY MONIES DUE TO THE DEFAULTING ELIGIBLE ENTITY FROM THE NEXT  
14 SUCCEEDING DISTRIBUTION OF MONIES PURSUANT TO SECTION 42-5029. IN THE  
15 CASE OF AN ELIGIBLE ENTITY THAT IS A CITY OR TOWN, THE STATE TREASURER  
16 SHALL ALSO WITHHOLD FROM THE MONIES DUE TO THE DEFAULTING CITY OR TOWN  
17 FROM THE NEXT SUCCEEDING DISTRIBUTION OF MONIES PURSUANT TO SECTION 43-206  
18 THE AMOUNT SPECIFIED IN THE CERTIFICATE OF DEFAULT AND SHALL IMMEDIATELY  
19 DEPOSIT THE MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND  
20 ESTABLISHED BY SECTION 49-1271. THE STATE TREASURER SHALL CONTINUE TO  
21 WITHHOLD AND DEPOSIT MONIES UNTIL THE AUTHORITY CERTIFIES TO THE STATE  
22 TREASURER THAT THE DEFAULT HAS BEEN CURED. THE STATE TREASURER MAY NOT  
23 WITHHOLD ANY AMOUNT THAT IS NECESSARY TO MAKE ANY REQUIRED DEPOSITS THEN  
24 DUE FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OR INDEBTEDNESS OF  
25 THE ELIGIBLE ENTITY IF SO CERTIFIED BY THE DEFAULTING ELIGIBLE ENTITY TO  
26 THE STATE TREASURER AND THE AUTHORITY. THE DEFAULTING ELIGIBLE ENTITY MAY  
27 NOT CERTIFY DEPOSITS AS NECESSARY FOR PAYMENT FOR BONDS OR INDEBTEDNESS  
28 UNLESS THE BONDS WERE ISSUED OR THE INDEBTEDNESS INCURRED BEFORE THE DATE  
29 OF THE LOAN REPAYMENT AGREEMENT AND THE BONDS OR INDEBTEDNESS WAS SECURED  
30 BY A PLEDGE OF DISTRIBUTION MADE PURSUANT TO SECTIONS 42-5029 AND 43-206.

31 49-1308. Long-term water augmentation financial assistance:  
32 procedures

33 A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, AN ELIGIBLE  
34 ENTITY MAY APPLY TO THE AUTHORITY FOR AND ACCEPT AND INCUR INDEBTEDNESS AS  
35 A RESULT OF FINANCIAL ASSISTANCE FROM THE LONG-TERM WATER AUGMENTATION  
36 FUND FOR WATER SUPPLY DEVELOPMENT PROJECTS.

37 B. THE AUTHORITY SHALL:

38 1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND  
39 APPROVE FINANCIAL ASSISTANCE.

40 2. ESTABLISH BY RULE CRITERIA BY WHICH FINANCIAL ASSISTANCE WILL BE  
41 AWARDED, INCLUDING:

42 (a) FOR ANY FINANCIAL ASSISTANCE:

43 (i) A DETERMINATION OF THE APPLICANT'S FINANCIAL ABILITY TO  
44 CONSTRUCT, OPERATE AND MAINTAIN THE PROJECT IF IT RECEIVES THE ASSISTANCE.

1 (ii) A DETERMINATION OF THE APPLICANT'S ABILITY TO MANAGE THE  
2 PROJECT.

3 (iii) A DETERMINATION OF THE APPLICANT'S ABILITY TO MEET ANY  
4 APPLICABLE ENVIRONMENTAL REQUIREMENTS IMPOSED BY FEDERAL OR STATE  
5 AGENCIES.

6 (iv) A DETERMINATION OF THE APPLICANT'S ABILITY TO ACQUIRE ANY  
7 NECESSARY REGULATORY PERMITS.

8 (v) REQUIREMENTS FOR LOCAL PARTICIPATION IN PROJECT COSTS, IF  
9 DEEMED ADVISABLE BY THE AUTHORITY.

10 (b) IF THE APPLICANT IS APPLYING FOR A LOAN:

11 (i) A DETERMINATION OF THE ABILITY OF THE APPLICANT TO REPAY A LOAN  
12 ACCORDING TO THE TERMS AND CONDITIONS ESTABLISHED BY THIS CHAPTER. AT THE  
13 OPTION OF THE AUTHORITY, THE EXISTENCE OF A CURRENT INVESTMENT GRADE  
14 RATING ON EXISTING DEBT OF THE APPLICANT THAT IS SECURED BY THE SAME  
15 REVENUES TO BE PLEDGED TO SECURE REPAYMENT UNDER THE LOAN REPAYMENT  
16 AGREEMENT CONSTITUTES EVIDENCE REGARDING ABILITY TO REPAY A LOAN.

17 (ii) A DETERMINATION OF THE APPLICANT'S LEGAL CAPABILITY TO ENTER  
18 INTO A LOAN REPAYMENT AGREEMENT.

19 3. DETERMINE THE ORDER AND PRIORITY OF PROJECTS ASSISTED UNDER THIS  
20 ARTICLE BASED ON THE MERITS OF THE APPLICATION WITH RESPECT TO WATER  
21 SUPPLY DEVELOPMENT CRITERIA SET FORTH IN SECTION 49-1304.

22 C. THE AUTHORITY SHALL REVIEW ON ITS MERITS EACH APPLICATION  
23 RECEIVED AND SHALL INFORM THE APPLICANT OF THE AUTHORITY'S DETERMINATION.  
24 IF THE APPLICATION IS NOT APPROVED, THE AUTHORITY SHALL NOTIFY THE  
25 APPLICANT, STATING THE REASONS. IF THE APPLICATION IS APPROVED, THE  
26 AUTHORITY MAY CONDITION THE APPROVAL ON ASSURANCES THE AUTHORITY DEEMS  
27 NECESSARY TO ENSURE THAT THE FINANCIAL ASSISTANCE WILL BE USED ACCORDING  
28 TO LAW AND THE TERMS OF THE APPLICATION.

29 49-1309. Long-term water augmentation bonds; requirements;  
30 authority; exemption from liability

31 A. THE AUTHORITY, THROUGH THE BOARD, MAY ISSUE NEGOTIABLE LONG-TERM  
32 WATER AUGMENTATION BONDS IN A PRINCIPAL AMOUNT THAT, IN ITS OPINION, IS  
33 NECESSARY TO DO ALL OF THE FOLLOWING:

34 1. PROVIDE SUFFICIENT MONIES FOR WATER SUPPLY DEVELOPMENT PROJECTS  
35 AND FINANCIAL ASSISTANCE FOR WATER SUPPLY DEVELOPMENT PROJECTS APPROVED  
36 UNDER THIS CHAPTER.

37 2. REFUND LONG-TERM WATER AUGMENTATION BONDS, WHEN THE AUTHORITY  
38 DEEMS IT EXPEDIENT TO DO SO.

39 3. INCREASE THE CAPITALIZATION OF THE LONG-TERM WATER AUGMENTATION  
40 FUND.

41 4. MAINTAIN SUFFICIENT RESERVES IN THE LONG-TERM WATER AUGMENTATION  
42 FUND TO SECURE THE LONG-TERM WATER AUGMENTATION BONDS.

43 5. PAY THE NECESSARY COSTS OF ISSUING, SELLING AND REDEEMING THE  
44 LONG-TERM WATER AUGMENTATION BONDS.

1           6. PAY OTHER EXPENDITURES OF THE AUTHORITY INCIDENTAL TO AND  
2 NECESSARY AND CONVENIENT TO CARRY OUT THE PURPOSES OF THIS ARTICLE.

3           B. THE BOARD SHALL AUTHORIZE LONG-TERM WATER AUGMENTATION BONDS BY  
4 RESOLUTION. THE RESOLUTION SHALL PRESCRIBE ALL OF THE FOLLOWING:

5           1. THE RATE OR RATES OF INTEREST AND THE DENOMINATIONS OF THE  
6 LONG-TERM WATER AUGMENTATION BONDS.

7           2. THE DATE OR DATES AND MATURITY OF THE LONG-TERM WATER  
8 AUGMENTATION BONDS.

9           3. THE COUPON OR REGISTERED FORM OF THE LONG-TERM WATER  
10 AUGMENTATION BONDS.

11           4. THE MANNER OF EXECUTING THE LONG-TERM WATER AUGMENTATION BONDS.

12           5. THE MEDIUM AND PLACE OF PAYMENT.

13           6. THE TERMS OF REDEMPTION.

14           C. THE LONG-TERM WATER AUGMENTATION BONDS SHALL BE SOLD AT PUBLIC  
15 OR PRIVATE SALE AT THE PRICE AND ON THE TERMS DETERMINED BY THE BOARD.  
16 ALL PROCEEDS FROM THE ISSUANCE OF LONG-TERM WATER AUGMENTATION BONDS,  
17 EXCEPT ANY AMOUNTS USED TO PAY COSTS ASSOCIATED WITH THE ISSUANCE AND SALE  
18 OF THE LONG-TERM WATER AUGMENTATION BONDS, SHALL BE DEPOSITED IN THE  
19 LONG-TERM WATER AUGMENTATION FUND OR A SEPARATELY HELD ACCOUNT AS  
20 SPECIFIED IN THE RESOLUTION.

21           D. TO SECURE ANY LONG-TERM WATER AUGMENTATION BONDS AUTHORIZED BY  
22 THIS SECTION, THE BOARD BY RESOLUTION MAY:

23           1. REQUIRE THAT LONG-TERM WATER AUGMENTATION BONDS ISSUED UNDER  
24 THIS SECTION BE SECURED BY A LIEN ON ALL OR A PART OF THE MONIES PAID IN  
25 TO THE APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE LONG-TERM WATER  
26 AUGMENTATION FUND AND PROVIDE THE PRIORITY OF THE LIEN.

27           2. PLEDGE OR ASSIGN TO OR IN TRUST TO BE HELD BY THE STATE  
28 TREASURER FOR THE BENEFIT OF THE HOLDER OR HOLDERS OF THE LONG-TERM WATER  
29 AUGMENTATION BONDS ANY PART OF THE APPROPRIATE ACCOUNT OR SUBACCOUNT OF  
30 THE LONG-TERM WATER AUGMENTATION FUND MONIES AS IS NECESSARY TO PAY THE  
31 PRINCIPAL AND INTEREST OF THE LONG-TERM WATER AUGMENTATION BONDS AS THE  
32 BONDS COME DUE.

33           3. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

34           4. REQUIRE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF  
35 THE LONG-TERM WATER AUGMENTATION BONDS BE USED TO FULLY OR PARTLY FUND ANY  
36 RESERVES OR SINKING FUNDS ESTABLISHED BY THE BOARD RESOLUTION AUTHORIZING  
37 THE LONG-TERM WATER AUGMENTATION BONDS.

38           5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY  
39 CONTRACT WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF  
40 LONG-TERM WATER AUGMENTATION BONDS THE HOLDERS OF WHICH MUST CONSENT TO  
41 AND THE MANNER IN WHICH CONSENT MAY BE GIVEN.

42           6. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE  
43 LONG-TERM WATER AUGMENTATION BONDS OF ALL LEGAL, FINANCIAL AND OTHER  
44 EXPENSES INCURRED BY THE AUTHORITY IN ISSUING, SELLING, DELIVERING AND  
45 PAYING THE LONG-TERM WATER AUGMENTATION BONDS.

1           7. PROVIDE TERMS NECESSARY TO SECURE CREDIT ENHANCEMENT OR OTHER  
2 SOURCES OF PAYMENT OR SECURITY.

3           8. PROVIDE ANY OTHER TERMS AND CONDITIONS THAT IN ANY WAY MAY  
4 AFFECT THE SECURITY AND PROTECTION OF THE LONG-TERM WATER AUGMENTATION  
5 BONDS.

6           E. THE PLEDGE OF PLEDGED REVENUES BY AN ELIGIBLE ENTITY, OR THE  
7 PLEDGE OF ANY OTHER REVENUES BY THE AUTHORITY, UNDER THIS ARTICLE IS VALID  
8 AND BINDING FROM THE TIME THE PLEDGE IS MADE. THE MONIES PLEDGED AND  
9 RECEIVED BY THE STATE TREASURER TO BE PLACED IN THE LONG-TERM WATER  
10 AUGMENTATION FUND OR IN ANY ACCOUNT OR SUBACCOUNT IN THE LONG-TERM WATER  
11 AUGMENTATION FUND ARE IMMEDIATELY SUBJECT TO THE LIEN OF THE PLEDGE  
12 WITHOUT ANY FUTURE PHYSICAL DELIVERY OR FURTHER ACT, AND ANY SUCH LIEN OF  
13 ANY PLEDGE IS VALID OR BINDING AGAINST ALL PARTIES HAVING CLAIMS OF ANY  
14 KIND IN TORT, CONTRACT OR OTHERWISE AGAINST THE BOARD OR THE AUTHORITY  
15 REGARDLESS OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN. THE OFFICIAL  
16 RESOLUTION OR TRUST INDENTURE OR ANY INSTRUMENT BY WHICH THIS PLEDGE IS  
17 CREATED, WHEN PLACED IN THE BOARD'S RECORDS, IS NOTICE TO ALL CONCERNED OF  
18 THE CREATION OF THE PLEDGE, AND THOSE INSTRUMENTS NEED NOT BE RECORDED IN  
19 ANY OTHER PLACE.

20           F. A MEMBER OF THE BOARD OR ANY PERSON EXECUTING THE LONG-TERM  
21 WATER AUGMENTATION BONDS IS NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE  
22 LONG-TERM WATER AUGMENTATION BONDS. THE LONG-TERM WATER AUGMENTATION  
23 BONDS ARE VALID AND BINDING OBLIGATIONS NOTWITHSTANDING THAT BEFORE THE  
24 DELIVERY OF THE LONG-TERM WATER AUGMENTATION BONDS ANY OF THE PERSONS  
25 WHOSE SIGNATURES APPEAR ON THE LONG-TERM WATER AUGMENTATION BONDS CEASE TO  
26 BE MEMBERS OF THE BOARD. FROM AND AFTER THE SALE AND DELIVERY OF THE  
27 LONG-TERM WATER AUGMENTATION BONDS, THE BONDS ARE INCONTESTABLE BY THE  
28 BOARD.

29           G. THE BOARD, OUT OF ANY AVAILABLE MONIES, MAY PURCHASE LONG-TERM  
30 WATER AUGMENTATION BONDS, WHICH MAY THEN BE CANCELED, AT A PRICE NOT  
31 EXCEEDING EITHER OF THE FOLLOWING:

32           1. IF THE LONG-TERM WATER AUGMENTATION BONDS ARE THEN REDEEMABLE,  
33 THE REDEMPTION PRICE THEN APPLICABLE PLUS ACCRUED INTEREST TO THE DATE OF  
34 REDEMPTION.

35           2. IF THE LONG-TERM WATER AUGMENTATION BONDS ARE NOT THEN  
36 REDEEMABLE, THE REDEMPTION PRICE APPLICABLE ON THE FIRST DATE AFTER  
37 PURCHASE BY THE AUTHORITY ON WHICH THE LONG-TERM WATER AUGMENTATION BONDS  
38 BECOME SUBJECT TO REDEMPTION PLUS ACCRUED INTEREST TO THE DATE OF  
39 REDEMPTION.

40           49-1310. Long-term water augmentation bond obligations of the  
41 authority

42           LONG-TERM WATER AUGMENTATION BONDS ISSUED UNDER THIS ARTICLE ARE  
43 OBLIGATIONS OF THE AUTHORITY, ARE PAYABLE ONLY ACCORDING TO THEIR TERMS  
44 AND ARE NOT GENERAL, SPECIAL OR OTHER OBLIGATIONS OF THIS STATE. THE  
45 LONG-TERM WATER AUGMENTATION BONDS DO NOT CONSTITUTE A LEGAL DEBT OF THIS



1 STATE AND ARE NOT ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE  
2 LONG-TERM WATER AUGMENTATION BONDS IS NOT ENFORCEABLE OUT OF ANY STATE  
3 MONIES OTHER THAN THE INCOME AND REVENUE PLEDGE AND ASSIGNED TO, OR IN  
4 TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE LONG-TERM WATER  
5 AUGMENTATION BONDS.

6 49-1311. Certification of long-term water augmentation bonds  
7 by attorney general

8 A. THE BOARD MAY SUBMIT ANY LONG-TERM WATER AUGMENTATION BONDS  
9 ISSUED UNDER THIS ARTICLE TO THE ATTORNEY GENERAL AFTER ALL PROCEEDINGS  
10 FOR THEIR AUTHORIZATION HAVE BEEN COMPLETED. WITHIN FIFTEEN DAYS AFTER  
11 SUBMISSION, THE ATTORNEY GENERAL SHALL EXAMINE AND PASS ON THE VALIDITY OF  
12 THE LONG-TERM WATER AUGMENTATION BONDS AND THE REGULARITY OF THE  
13 PROCEEDINGS.

14 B. IF THE PROCEEDINGS COMPLY WITH THIS ARTICLE, AND IF THE ATTORNEY  
15 GENERAL DETERMINES THAT, WHEN DELIVERED AND PAID FOR, THE LONG-TERM WATER  
16 AUGMENTATION BONDS WILL CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE  
17 AUTHORITY, THE ATTORNEY GENERAL SHALL CERTIFY ON THE BACK OF EACH  
18 LONG-TERM WATER AUGMENTATION BOND, IN SUBSTANCE, THAT IT IS ISSUED  
19 ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE.

20 49-1312. Long-term water augmentation bonds as legal  
21 investments

22 LONG-TERM WATER AUGMENTATION BONDS ISSUED UNDER THIS ARTICLE ARE  
23 SECURITIES:

24 1. IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE AND OF  
25 MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL COMPANIES,  
26 ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS, ALL  
27 FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING ON  
28 A BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE  
29 AUTHORIZED TO INVEST IN OBLIGATIONS OF THIS STATE MAY PROPERLY AND LEGALLY  
30 INVEST.

31 2. THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES OF THIS  
32 STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR  
33 PURPOSES THAT REQUIRE THE DEPOSIT OF STATE BONDS OR OBLIGATIONS.

34 49-1313. Agreement of state

35 A. THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE  
36 LONG-TERM WATER AUGMENTATION BONDS THAT THIS STATE WILL NOT LIMIT OR ALTER  
37 THE RIGHTS VESTED IN THE AUTHORITY OR ANY SUCCESSOR AGENCY TO COLLECT THE  
38 MONIES NECESSARY TO PRODUCE SUFFICIENT REVENUE TO FULFILL THE TERMS OF ANY  
39 AGREEMENTS MADE WITH THE HOLDERS OF THE LONG-TERM WATER AUGMENTATION  
40 BONDS, OR IN ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS,  
41 UNTIL ALL LONG-TERM WATER AUGMENTATION BONDS ISSUED UNDER THIS ARTICLE,  
42 TOGETHER WITH INTEREST ACCRUED THEREON, AND INCLUDING INTEREST ON ANY  
43 UNPAID INSTALLMENTS OF INTEREST, AND ALL COSTS AND EXPENSES IN CONNECTION  
44 WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS, ARE  
45 FULLY MET AND DISCHARGED.

1 B. THE BOARD AS AGENT FOR THIS STATE MAY INCLUDE THIS PLEDGE AND  
2 UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES SECURING ITS LONG-TERM WATER  
3 AUGMENTATION BONDS.

4 ARTICLE 5. WATER CONSERVATION GRANT FUND

5 49-1331. Water conservation grant fund; exemption;  
6 administration; report

7 A. THE WATER CONSERVATION GRANT FUND IS ESTABLISHED TO BE  
8 MAINTAINED IN PERPETUITY CONSISTING OF ALL THE FOLLOWING:

9 1. LEGISLATIVE APPROPRIATIONS.

10 2. MONIES RECEIVED FOR WATER CONSERVATION PURPOSES FROM THE UNITED  
11 STATES GOVERNMENT.

12 3. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE  
13 FUND.

14 4. GIFTS, GRANTS AND DONATIONS RECEIVED FOR WATER CONSERVATION  
15 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

16 5. ANY OTHER MONIES RECEIVED BY THE AUTHORITY IN CONNECTION WITH  
17 THE PURPOSE OF THE FUND.

18 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND EXEMPT FROM  
19 THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.  
20 ON NOTICE FROM THE AUTHORITY, THE STATE TREASURER SHALL INVEST AND DIVEST  
21 MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM  
22 INVESTMENT SHALL BE CREDITED TO THE FUND.

23 C. ALL MONIES DEPOSITED IN THE FUND SHALL BE HELD IN TRUST. THE  
24 MONIES IN THE FUND MAY NOT BE APPROPRIATED OR TRANSFERRED BY THE  
25 LEGISLATURE TO FUND THE GENERAL OPERATIONS OF THIS STATE OR TO OTHERWISE  
26 MEET THE OBLIGATIONS OF THE STATE GENERAL FUND UNLESS APPROVED BY A  
27 THREE-FOURTHS VOTE OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE. THIS  
28 SUBSECTION DOES NOT APPLY TO ANY TAXES OR OTHER LEVIES THAT ARE IMPOSED  
29 PURSUANT TO TITLE 42 OR 43.

30 D. THE AUTHORITY SHALL ADMINISTER THE FUND AND ESTABLISH AS MANY  
31 OTHER ACCOUNTS AND SUBACCOUNTS AS REQUIRED TO ADMINISTER THE FUND.

32 E. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE  
33 PURPOSES AUTHORIZED BY THIS ARTICLE.

34 F. THE ANNUAL REPORT REQUIRED BY SECTION 49-1204 SHALL INCLUDE:

35 1. THE EXPENDITURES MADE FROM THE FUND IN THE PREVIOUS FISCAL YEAR.

36 2. WHETHER PROGRAMS OR PROJECTS FUNDED BY THE FUND IN THE PREVIOUS  
37 FISCAL YEAR DID IN FACT:

38 (a) RESULT IN LONG-TERM, SUSTAINABLE REDUCTIONS IN WATER USE.

39 (b) IMPROVE WATER USE EFFICIENCY.

40 (c) IMPROVE WATER RELIABILITY.

41 3. THE ENVIRONMENTAL IMPACTS OF PROGRAMS OR PROJECTS FUNDED BY THE  
42 FUND IN THE PREVIOUS FISCAL YEAR.

1           49-1332. Water conservation grant fund; purposes

2           A. MONIES IN THE WATER CONSERVATION GRANT FUND MUST FACILITATE  
3 VOLUNTARY WATER CONSERVATION PROGRAMS OR PROJECTS THAT ARE EXPECTED TO  
4 RESULT IN AT LEAST ONE OF THE FOLLOWING:

- 5           1. LONG-TERM REDUCTIONS IN WATER USE.  
6           2. IMPROVEMENTS IN WATER USE EFFICIENCY.  
7           3. IMPROVEMENTS IN WATER RELIABILITY.

8           B. MONIES IN THE WATER CONSERVATION GRANT FUND MAY BE USED FOR THE  
9 FOLLOWING:

10          1. EDUCATION AND RESEARCH PROGRAMS ON HOW TO REDUCE WATER  
11 CONSUMPTION, INCREASE WATER EFFICIENCY OR INCREASE WATER REUSE.

12          2. PROGRAMS AND PROJECTS FOR RAINWATER HARVESTING, GRAY WATER  
13 SYSTEMS, EFFICIENCY UPGRADES, INSTALLING DROUGHT-RESISTANT LANDSCAPING,  
14 TURF REMOVAL AND OTHER PRACTICES TO REDUCE WATER USE.

15          3. PROGRAMS OR PROJECTS TO PROMOTE GROUNDWATER RECHARGE AND  
16 IMPROVED AQUIFER HEALTH.

17          4. PROGRAMS OR PROJECTS TO IMPROVE GROUNDWATER CONSERVATION AND  
18 SURFACE WATER FLOWS.

19          5. LANDSCAPE WATERSHED PROTECTION, RESTORATION AND REHABILITATION,  
20 INCLUDING THROUGH GREEN INFRASTRUCTURE AND LOW-IMPACT DEVELOPMENT TO  
21 CONSERVE OR AUGMENT WATER SUPPLIES.

22          6. PROJECTS FACILITATING COORDINATED WATER MANAGEMENT, INCLUDING  
23 GROUNDWATER STORAGE AND RECOVERY.

24          7. PROGRAMS OR PROJECTS TO REDUCE STRUCTURAL WATER OVERUSE ISSUES.

25          8. PROGRAM IMPLEMENTATION AND ADMINISTRATION COSTS FOR ELIGIBLE  
26 PROGRAMS.

27           49-1333. Water conservation grant fund; procedures

28           A. IN COMPLIANCE WITH ANY APPLICABLE REQUIREMENTS, A CITY, TOWN,  
29 COUNTY, DISTRICT, COMMISSION, AUTHORITY OR OTHER PUBLIC ENTITY THAT IS  
30 ORGANIZED AND THAT EXISTS UNDER THE STATUTORY LAW OF THIS STATE OR UNDER A  
31 VOTER-APPROVED CHARTER OR INITIATIVE OF THIS STATE MAY APPLY TO THE  
32 AUTHORITY FOR AND ACCEPT GRANTS FROM THE WATER CONSERVATION GRANT FUND FOR  
33 A WATER CONSERVATION PROGRAM OR PROJECT THAT COMPLIES WITH THE  
34 REQUIREMENTS OF SECTIONS 49-1332 AND 49-1334. A NONGOVERNMENT  
35 ORGANIZATION THAT FOCUSES ON WATER CONSERVATION OR ENVIRONMENTAL  
36 PROTECTION MAY APPLY TO THE AUTHORITY FOR AND ACCEPT GRANTS FROM THE WATER  
37 CONSERVATION GRANT FUND FOR A WATER CONSERVATION PROGRAM OR PROJECT IF IT  
38 PARTNERS WITH A CITY, TOWN, COUNTY, DISTRICT, COMMISSION, AUTHORITY OR  
39 OTHER PUBLIC ENTITY THAT IS ORGANIZED AND THAT EXISTS UNDER THE STATUTORY  
40 LAW OF THIS STATE OR UNDER A VOTER-APPROVED CHARTER OR INITIATIVE OF THIS  
41 STATE.

42           B. THE AUTHORITY SHALL:

43           1. PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO APPLY FOR AND  
44 APPROVE ASSISTANCE.

1           2. ESTABLISH BY RULE CRITERIA THAT IS CONSISTENT WITH THIS ARTICLE  
2 BY WHICH ASSISTANCE WILL BE AWARDED.

3           3. DETERMINE THE ORDER AND PRIORITY OF WATER CONSERVATION PROGRAMS  
4 OR PROJECTS ASSISTED UNDER THIS SECTION BASED ON THE MERITS OF THE  
5 APPLICATION WITH RESPECT TO THE REQUIREMENTS OF SECTIONS 49-1332 AND  
6 49-1334.

7           4. PROVIDE THAT A SINGLE WATER CONSERVATION PROGRAM GRANT MAY NOT  
8 EXCEED \$3,000,000, A SINGLE WATER CONSERVATION PROJECT GRANT MAY NOT  
9 EXCEED \$250,000 AND AT LEAST A TWENTY-FIVE PERCENT MATCH IS REQUIRED FOR  
10 EACH WATER CONSERVATION PROGRAM OR PROJECT. MONIES FROM ANY OTHER SOURCE  
11 MAY SATISFY THE MATCH REQUIREMENT.

12           49-1334. Evaluation criteria for water conservation programs  
13                                   and projects from the water conservation grant  
14                                   fund; procedures

15           THE AUTHORITY SHALL DETERMINE THE ORDER AND PRIORITY OF WATER  
16 CONSERVATION PROGRAMS AND PROJECTS PROPOSED TO BE FUNDED IN WHOLE OR IN  
17 PART WITH MONIES FROM THE WATER CONSERVATION GRANT FUND BASED ON THE  
18 FOLLOWING, AS APPLICABLE:

19           1. THE EXTENT TO WHICH THE WATER CONSERVATION PROGRAM OR PROJECT  
20 ACHIEVES ONE OR MORE OF THE RESULTS PRESCRIBED BY SECTION 49-1332,  
21 SUBSECTION A.

22           2. THE COSTS AND BENEFITS OF THE WATER CONSERVATION PROGRAM OR  
23 PROJECT, INCLUDING ENVIRONMENTAL COSTS AND BENEFITS.

24           3. IF THE WATER CONSERVATION PROGRAM OR PROJECT IS ELIGIBLE FOR  
25 FUNDING FROM THE LONG-TERM WATER AUGMENTATION FUND ESTABLISHED BY SECTION  
26 49-1302 OR THE WATER SUPPLY DEVELOPMENT REVOLVING FUND ESTABLISHED BY  
27 SECTION 49-1271 AND IF THE NATURE OF THE WATER CONSERVATION PROGRAM OR  
28 PROJECT MAKES FUNDING FROM THE LONG-TERM WATER AUGMENTATION FUND OR THE  
29 WATER SUPPLY DEVELOPMENT REVOLVING FUND IMPRACTICAL.

30           4. THE ABILITY TO PROVIDE MULTIPLE BENEFITS.

31           5. THE DEGREE TO WHICH THE WATER CONSERVATION PROGRAM OR PROJECT  
32 WILL MAXIMIZE OR LEVERAGE MULTIPLE AVAILABLE FUNDING SOURCES, INCLUDING  
33 FEDERAL FUNDING.

34           6. THE QUALIFICATIONS AND CAPACITY OF AN APPLICANT.

35           7. THE FEASIBILITY OF THE WATER CONSERVATION PROGRAM OR PROJECT.

36           8. PUBLIC COMMENTS.

37           49-1335. Water conservation grant committee; membership;  
38                                   recommendations

39           A. THE WATER CONSERVATION GRANT COMMITTEE IS ESTABLISHED TO ADVISE  
40 THE BOARD AND CONSISTS OF THE FOLLOWING MEMBERS WHO ARE APPOINTED BY THE  
41 BOARD:

42           1. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES FIVE  
43 HUNDRED OR MORE CONNECTIONS.

44           2. ONE MEMBER WHO REPRESENTS A PUBLIC WATER SYSTEM THAT SERVES LESS  
45 THAN FIVE HUNDRED CONNECTIONS.

1 3. ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF FIVE  
2 HUNDRED THOUSAND OR MORE PERSONS.

3 4. ONE MEMBER WHO REPRESENTS A COUNTY WITH A POPULATION OF LESS  
4 THAN FIVE HUNDRED THOUSAND PERSONS.

5 5. ONE MEMBER WHO REPRESENTS AN ADVOCACY GROUP WITH A PRIMARY FOCUS  
6 ON WATER CONSERVATION.

7 6. ONE MEMBER WHO REPRESENTS A UNIVERSITY IN THIS STATE AND WHO HAS  
8 SIGNIFICANT KNOWLEDGE IN WATER CONSERVATION.

9 7. ONE MEMBER WHO REPRESENTS A NATURAL RESOURCE CONSERVATION  
10 DISTRICT ESTABLISHED PURSUANT TO TITLE 37, CHAPTER 6.

11 8. THE DIRECTOR OF THE DEPARTMENT OF WATER RESOURCES OR THE  
12 DIRECTOR'S DESIGNEE.

13 B. THE WATER CONSERVATION GRANT COMMITTEE SHALL REVIEW APPLICATIONS  
14 FOR GRANT REQUESTS FROM THE WATER CONSERVATION GRANT FUND AND SHALL MAKE  
15 RECOMMENDATIONS TO THE BOARD REGARDING THOSE APPLICATIONS.

16 C. THE WATER CONSERVATION GRANT COMMITTEE SHALL MEET AT LEAST ONCE  
17 A MONTH TO REVIEW GRANT APPLICATIONS, EXCEPT THAT THE COMMITTEE NEED NOT  
18 MEET IN ANY MONTH IN WHICH NO APPLICATIONS ARE PENDING BEFORE THE  
19 COMMITTEE. THE BOARD MAY REQUIRE THE COMMITTEE TO HOLD ADDITIONAL  
20 MEETINGS TO CONSIDER APPLICATIONS THAT ARE OR MAY BECOME TIME SENSITIVE.  
21 THE COMMITTEE SHALL ALLOW MEMBERS OF THE PUBLIC TO PROVIDE COMMENT ON AN  
22 APPLICATION CONSIDERED BY THE COMMITTEE AT A MEETING.

23 D. THE WATER CONSERVATION GRANT COMMITTEE IS CONSIDERED A  
24 SUBCOMMITTEE OF THE BOARD FOR THE PURPOSES OF SECTION 49-1206.

25 Sec. 24. Transfer and renumber

26 Title 49, chapter 9, Arizona Revised Statutes, is transferred and  
27 renumbered for placement in title 49, Arizona Revised Statutes, as  
28 chapter 11. Title 49, chapter 9, article 1, Arizona Revised Statutes, is  
29 transferred and renumbered for placement in title 49, chapter 11, Arizona  
30 Revised Statutes, as article 1. The following sections are transferred  
31 and renumbered for placement in title 49, chapter 11, article 1:

<u>Former Sections</u>	<u>New Sections</u>
49-1301 .....	49-1501
49-1302 .....	49-1502
49-1303 .....	49-1503

36 Sec. 25. Laws 2021, chapter 408, section 115 is amended to read:

37 Sec. 115. Supplemental appropriation; water supply  
38 development revolving fund; fiscal year 2020-2021

39 The sum of \$40,000,000 is appropriated from the state general fund  
40 in fiscal year 2020-2021 to the water supply development revolving fund  
41 established by section 49-1271, Arizona Revised Statutes. These monies  
42 shall be allocated for projects:-

43 ~~1. That are located throughout all regions of this state and~~  
44 ~~outside of active management areas.~~

1 ~~2. In amounts of not more than \$1,000,000 per project AS PRESCRIBED~~  
2 ~~BY TITLE 49, CHAPTER 8, ARTICLE 3, ARIZONA REVISED STATUTES.~~

3 Sec. 26. Water and infrastructure finance authority advisory  
4 board; transfer to federal water programs  
5 committee

6 Notwithstanding section 41-5356, Arizona Revised Statutes, as  
7 amended by this act, all of the members of the water and infrastructure  
8 finance authority advisory board serving on the effective date of this act  
9 may continue to serve on the federal water programs committee established  
10 by section 49-1207, Arizona Revised Statutes, as added by this act, until  
11 the expiration of their normal terms. All subsequent appointments shall  
12 be as prescribed by statute.

13 Sec. 27. Drought mitigation revolving fund projects; transfer  
14 of monies

15 On the effective date of this section, all unexpended and  
16 unencumbered monies remaining in the drought mitigation revolving fund  
17 established by section 49-193.01, Arizona Revised Statutes, as  
18 transferred, renumbered and amended by this act, are transferred to the  
19 water supply development revolving fund established by section 49-1271,  
20 Arizona Revised Statutes, as amended by this act, except that \$10,000,000  
21 that is designated by Laws 2021, chapter 408, section 114, subsection B,  
22 paragraph 1 to facilitate forbearance of water deliveries that would avoid  
23 reductions in this state's Colorado River supplies, is transferred to the  
24 Arizona system conservation fund established by section 45-118, Arizona  
25 Revised Statutes.

26 Sec. 28. Initial terms of members of the water infrastructure  
27 finance authority board

28 A. Notwithstanding section 49-1206, Arizona Revised Statutes, as  
29 added by this act, the terms of initial appointees to the water  
30 infrastructure finance authority board are as follows:

31 1. The initial terms of the three members from a county with a  
32 population of four hundred thousand persons or more end on January 31,  
33 2026.

34 2. The initial terms of the three members from a county with a  
35 population of less than four hundred thousand persons and the one member  
36 who specializes in finance or statewide water needs end on January 31,  
37 2028.

38 B. For the initial term, the president of the senate and the  
39 minority leader of the senate shall appoint first, the governor shall  
40 appoint second and the speaker of the house of representatives and the  
41 minority leader of the house of representatives shall appoint third.

42 C. All subsequent appointments shall be for five-year terms as  
43 prescribed by statute.

1           Sec. 29. Succession

2           A. As provided by this act, on the first meeting of the water  
3 infrastructure finance authority of Arizona succeeds to the authority,  
4 powers, duties and responsibilities of the Arizona finance authority with  
5 respect to the clean water revolving fund program, the drinking water  
6 revolving fund program, the hardship grant fund financial provisions and  
7 the water supply development revolving fund financial provisions, as  
8 provided in this act. Until the first meeting of the water infrastructure  
9 finance authority board established by section 49-1206, Arizona Revised  
10 Statutes, as added by this act, the water infrastructure finance authority  
11 of Arizona shall continue to be governed by the Arizona finance authority  
12 board with the recommendations of the current water infrastructure finance  
13 authority advisory board as composed immediately before the effective date  
14 of this act.

15           B. This act does not alter the effect of any actions that were  
16 taken or impair the valid obligations of the Arizona finance authority or  
17 the water infrastructure finance authority of Arizona in existence before  
18 the effective date of this act.

19           C. Administrative rules and orders that were adopted by the Arizona  
20 finance authority with respect to the clean water revolving fund program,  
21 the drinking water revolving fund program, the hardship grant fund  
22 financial provisions and the water supply development revolving fund  
23 financial provisions continue in effect until superseded by administrative  
24 action by the water infrastructure finance authority of Arizona.

25           D. All administrative matters, contracts and judicial and  
26 quasi-judicial actions, whether completed, pending or in process, of the  
27 Arizona finance authority with respect to the clean water revolving fund  
28 program, the drinking water revolving fund program, the hardship grant  
29 fund financial provisions and the water supply development revolving fund  
30 financial provisions on the effective date of this act are transferred to  
31 and retain the same status with the water infrastructure finance authority  
32 of Arizona.

33           E. All certificates, licenses, registrations, permits and other  
34 indicia of qualification and authority that were issued by the Arizona  
35 finance authority and the water infrastructure finance authority of  
36 Arizona with respect to the water supply development revolving fund  
37 financial provisions retain their validity for the duration of their terms  
38 of validity as provided by law.

39           F. All equipment, records, furnishings and other property, all data  
40 and investigative findings, all obligations and all appropriated monies  
41 that remain unexpended and unencumbered on the effective date of this act  
42 of the Arizona finance authority with respect to the water supply  
43 development revolving fund financial provisions are retained by the water  
44 infrastructure finance authority of Arizona.

1           Sec. 30. Water infrastructure finance authority of Arizona:  
2                                     purpose

3           Pursuant to section 41-2955, subsection B, the legislature continues  
4 the water infrastructure finance authority of Arizona to provide a source  
5 of financial and other assistance for projects relating to water treatment  
6 and water supply development that improve current and long-term water  
7 supplies.

8           Sec. 31. Distribution of revenues; long-term water  
9                                     augmentation fund; intent

10           A. For fiscal year 2022-2023, beginning the month following the  
11 general effective date of this act, the state treasurer shall distribute  
12 the sum of \$334,000,000 proportionately for each month remaining in the  
13 fiscal year from the portion of the revenues derived from the tax levied  
14 by title 42, chapter 5, articles 1 and 5, Arizona Revised Statutes, that  
15 is not designated as the distribution base, to the long-term water  
16 augmentation fund established by section 49-1302, Arizona Revised  
17 Statutes, as added by this act, for the purposes prescribed by title 49,  
18 chapter 8, article 4, Arizona Revised Statutes, as added by this act.

19           B. The legislature intends that the distributions made in  
20 subsection A of this section not impact the portion of transaction  
21 privilege tax revenues that cities and counties in this state receive  
22 pursuant to section 42-5029, subsection D, Arizona Revised Statutes.

23           Sec. 32. Appropriation; long-term water augmentation fund;  
24                                     exemption

25           A. The sum of \$333,000,000 is appropriated from the state general  
26 fund in fiscal year 2023-2024 to the long-term water augmentation fund  
27 established by section 49-1302, Arizona Revised Statutes, as added by this  
28 act, for the purposes prescribed by title 49, chapter 8, article 4,  
29 Arizona Revised Statutes, as added by this act.

30           B. The appropriation made in subsection A of this section is exempt  
31 from the provisions of section 35-190, Arizona Revised Statutes, relating  
32 to lapsing of appropriations.

33           Sec. 33. Appropriation; long-term water augmentation fund;  
34                                     exemption

35           A. The sum of \$333,000,000 is appropriated from the state general  
36 fund in fiscal year 2024-2025 to the long-term water augmentation fund  
37 established by section 49-1302, Arizona Revised Statutes, as added by this  
38 act, for the purposes prescribed by title 49, chapter 8, article 4,  
39 Arizona Revised Statutes, as added by this act.

40           B. The appropriation made in subsection A of this section is exempt  
41 from the provisions of section 35-190, Arizona Revised Statutes, relating  
42 to lapsing of appropriations.



