

REFERENCE TITLE: water augmentation fund; brackish groundwater

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

## **HB 2323**

Introduced by  
Representatives Kolodin: Marshall, McGarr, Parker B, Wilmeth

AN ACT

AMENDING SECTION 49-1303, ARIZONA REVISED STATUTES; RELATING TO THE  
LONG-TERM WATER AUGMENTATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 49-1303, Arizona Revised Statutes, is amended to  
3 read:

4 49-1303. Long-term water augmentation fund; purposes;  
5 limitation

6 A. Monies and other assets in the long-term water augmentation fund  
7 may be used for the following purposes:

8 1. Funding water supply development projects that import water from  
9 outside the boundaries of this state. At least seventy-five percent of  
10 the monies in the fiscal years 2022-2023, 2023-2024 and 2024-2025  
11 appropriations to the fund shall be reserved for one or more projects with  
12 this purpose, and those monies shall be accounted for separately. **FOR THE  
13 PURPOSES OF THIS PARAGRAPH, A WATER SUPPLY DEVELOPMENT PROJECT FOR THE  
14 DESALINATION AND DISTRIBUTION OF BRACKISH OR SALINE GROUNDWATER IS DEEMED  
15 TO BE A WATER SUPPLY DEVELOPMENT PROJECT THAT IMPORTS WATER FROM OUTSIDE  
16 THE BOUNDARIES OF THIS STATE WITHOUT REGARD TO WHETHER THE MONIES FOR THE  
17 PROJECT ARE EXPENDED INSIDE THIS STATE OR WHETHER THE PROJECT IMPORTS  
18 WATER FROM OUTSIDE THE BOUNDARIES OF THIS STATE.**

19 2. Purchasing imported water or rights to imported water.

20 3. Acquiring or constructing water-related facilities in this state  
21 to convey or deliver imported water within ~~the~~ **THIS** state.

22 4. Conducting investigations, including performing environmental or  
23 other reviews.

24 5. Contracting for water needs assessments.

25 6. Providing financial assistance to eligible entities for the  
26 purposes of financing or refinancing water supply development projects  
27 within this state, including projects for conservation through reducing  
28 existing water use or more efficient uses of existing water supplies.

29 7. Guaranteeing debt obligations of eligible entities that are  
30 issued or incurred to finance or refinance water supply development  
31 projects within this state or providing credit enhancements in connection  
32 with these debt obligations.

33 8. Paying the costs to administer the fund.

34 9. Funding not more than ten full-time equivalent positions of the  
35 authority.

36 B. In providing financial assistance from the fund, the authority  
37 shall comply with section 49-1304.

38 C. Monies in the fund may not be used to purchase conservation or  
39 other similar easements on real property.

40 D. If the monies pledged to secure long-term water augmentation  
41 bonds issued pursuant to section 49-1309 become insufficient to pay the  
42 principal and interest on the long-term water augmentation bonds  
43 guaranteed by the fund, the authority shall direct the state treasurer to  
44 liquidate securities in the fund as may be necessary and shall apply those  
45 proceeds to make current all payments then due on the long-term water

1 augmentation bonds. The state treasurer shall immediately notify the  
2 attorney general and auditor general of the insufficiency. The auditor  
3 general shall audit the circumstances surrounding the depletion of the  
4 fund and report the findings to the attorney general. The attorney  
5 general shall conduct an investigation and report those findings to the  
6 governor and the legislature.

7 E. The authority shall take necessary actions to obtain full  
8 repayment for monies or financial assistance provided from the fund by the  
9 recipients of the funding or financial assistance or the recipients of any  
10 water supply development project made available from monies from the fund  
11 through water subcontracts, loan repayments, rates, fees, charges or  
12 otherwise, as appropriate. This subsection does not apply to monies spent  
13 by the authority for investigations and studies or monies spent in  
14 connection with loan guarantees or credit enhancement.