

Senate Engrossed

~~water; effluent; credits~~  
(now: water; storage; effluent; credits)

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# SENATE BILL 1660

AN ACT

AMENDING SECTIONS 45-101, 45-831.01, 45-832.01, 45-834.01 AND 45-852.01, ARIZONA REVISED STATUTES; AMENDING TITLE 45, CHAPTER 3.1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 45-852.02; AMENDING SECTION 49-250, ARIZONA REVISED STATUTES; RELATING TO WATER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 45-101. Definitions

5 In this title, unless the context otherwise requires:

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

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

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

12 4. "Effluent" means:

13 (a) Water that has been collected in a sanitary sewer for  
14 subsequent treatment in a facility that is regulated pursuant to title 49,  
15 chapter 2. Such water remains effluent until it acquires the  
16 characteristics of groundwater or surface water.

17 (b) WATER THAT IS NOT ORIGINALLY SUPPLIED BY A CITY, TOWN OR  
18 PRIVATE WATER COMPANY, THAT IS USED IN AN INDUSTRIAL FACILITY THAT IS  
19 LOCATED WITHIN THE SERVICE AREA OF A WASTEWATER PROVIDER THAT HOLDS A  
20 CERTIFICATE OF CONVENIENCE AND NECESSITY ISSUED BY THE CORPORATION  
21 COMMISSION AND THAT IS TREATED AT THE SITE OF USE TO MEET OR EXCEED  
22 AQUIFER WATER QUALITY STANDARDS AS ESTABLISHED PURSUANT TO TITLE 49,  
23 CHAPTER 2 AS DETERMINED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY. SUCH  
24 WATER REMAINS EFFLUENT UNTIL IT ACQUIRES THE CHARACTERISTICS OF  
25 GROUNDWATER OR SURFACE WATER. FOR THE PURPOSES OF THIS SUBDIVISION,  
26 "INDUSTRIAL FACILITY":

27 (i) MEANS AN ENTERPRISE THAT CONSISTS OF THE FACILITIES AND  
28 EQUIPMENT USED FOR PRODUCING, PROCESSING OR ASSEMBLING GOODS.

29 (ii) DOES NOT INCLUDE FACILITIES USED FOR AGRICULTURE, MINING OR  
30 POWER GENERATION.

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

35 6. "Interstate stream" means any stream constituting or flowing  
36 along the exterior boundaries of this state, and any tributary originating  
37 in another state or foreign country and flowing into or through this  
38 state.

39 7. "Riparian area" means a geographically delineated area with  
40 distinct resource values, that is characterized by deep-rooted plant  
41 species that depend on having roots in the water table or its capillary  
42 zone and that occurs within or adjacent to a natural perennial or  
43 intermittent stream channel or within or adjacent to a lake, pond or marsh  
44 bed maintained primarily by natural water sources. Riparian area does not  
45 include areas in or adjacent to ephemeral stream channels, artificially

1 created stockponds, man-made storage reservoirs constructed primarily for  
2 conservation or regulatory storage, municipal and industrial ponds or  
3 man-made water transportation, distribution, off-stream storage and  
4 collection systems.

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

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

15 Sec. 2. Section 45-831.01, Arizona Revised Statutes, is amended to  
16 read:

17 45-831.01. Water storage permits

18 A. A person may apply to the director for a water storage permit  
19 and may store water at a storage facility only pursuant to a water storage  
20 permit.

21 B. The director may issue a water storage permit to store water at  
22 a storage facility if the director determines that all of the following  
23 apply:

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

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

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

33 4. IF THE WATER TO BE STORED IS EFFLUENT AS DEFINED IN SECTION  
34 45-101, PARAGRAPH 4, SUBDIVISION (b), BOTH OF THE FOLLOWING CONDITIONS ARE  
35 MET:

36 (a) THE EFFLUENT WILL BE STORED AT A CONSTRUCTED UNDERGROUND  
37 STORAGE FACILITY AT THE SITE WHERE THE WATER WAS USED BEFORE TREATMENT.

38 (b) IF THE APPLICATION IS FOR A NEW WATER STORAGE PERMIT, THE  
39 APPLICATION IS RECEIVED BY THE DIRECTOR NOT LATER THAN DECEMBER 31, 2025,  
40 EXCEPT THAT THE APPLICANT FOR THAT PERMIT MAY SUBMIT AMENDMENTS,  
41 SUPPLEMENTS, MODIFICATIONS OR RENEWALS OF THE PERMIT AFTER THE APPLICATION  
42 IS TIMELY SUBMITTED.

43 C. In addition to the requirements of subsection B of this section,  
44 if the applicant has applied for a water storage permit to store water at  
45 a groundwater savings facility, the director shall not issue the water

1 storage permit unless the applicant has agreed in writing to comply with  
2 the plan by which the quantity of groundwater saved at the facility will  
3 be proved each year.

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

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

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

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

17 1. On request of the holder of the permit, the director may renew  
18 the permit if the director determines that the requirements of subsection  
19 B of this section apply and, if the requirement of subsection C of this  
20 section applied at the time of issuance, that the requirement of  
21 subsection C of this section applies at the time of renewal.

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

25 F. The holder of a water storage permit may apply to the director  
26 for approval to convey the permit to another person. The director may  
27 approve the conveyance if the director determines that the person to whom  
28 the permit is to be conveyed and the water storage will continue to meet  
29 the applicable requirements of this section. If long-term storage credits  
30 accrued pursuant to the water storage permit are being assigned pursuant  
31 to section 45-854.01 with the water storage permit, the director shall be  
32 given notice of the impending assignment of long-term storage credits at  
33 the time the holder of the water storage permit applies to convey the  
34 permit.

35 G. A person who holds a water storage permit may apply to the  
36 director on a form approved by the director for a modification of that  
37 water storage permit. The director may modify the permit within twenty  
38 days ~~of~~ AFTER receiving the application without complying with section  
39 45-871.01 if all of the following apply:

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

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

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

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

6           5. The person requesting the modification has the right to use the  
7 Colorado river water.

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

9           1. The name and mailing address of the person to whom the permit is  
10 issued.

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

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

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

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

22           6. Other conditions consistent with this chapter.

23           7. The duration of the permit.

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

29           J. If the director of the department of water resources decides to  
30 issue a water storage permit and the applicant has not received a water  
31 quality permit required by the department of environmental quality under  
32 title 49, chapter 2, article 3 and by federal law, the director of the  
33 department of water resources shall make receipt of the water quality  
34 permit a condition of the water storage permit and the holder of the water  
35 storage permit shall not store water until receiving the water quality  
36 permit.

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

39           45-832.01. Use of stored water

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

44           B. **EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION**, water that  
45 has been stored pursuant to a water storage permit may be used only in the

1 location in which it was permissible to use the water before it was  
2 stored.

3 C. EFFLUENT AS DEFINED IN SECTION 45-101, PARAGRAPH 4, SUBDIVISION  
4 (b) THAT HAS BEEN STORED PURSUANT TO A WATER STORAGE PERMIT MAY BE USED BY  
5 THE STORER ONLY FOR A NONIRRIGATION USE AT THE SAME SITE WHERE THE WATER  
6 WAS STORED.

7 ~~C.~~ D. Water that has been stored pursuant to a water storage  
8 permit may be used for replenishment purposes only in the active  
9 management area in which the water is stored, unless the water is  
10 recovered and transported to another active management area.

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

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

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

18 3. A district that is storing water may have the stored water  
19 credited to its master replenishment account, if the water would meet the  
20 requirements of long-term storage credits as prescribed by section  
21 45-852.01.

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

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

30 Sec. 4. Section 45-834.01, Arizona Revised Statutes, is amended to  
31 read:

32 45-834.01. Recovery of stored water; recovery well permit;  
33 emergency temporary recovery well permit; well  
34 construction

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

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

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

42 (a) The proposed recovery well is located within the area of impact  
43 of the stored water, as determined by the director, and either the person  
44 recovering the water is the storer or the stored water to be recovered is  
45 Colorado river water. If the stored water to be recovered is effluent

1 that is stored in a managed underground storage facility and if the  
2 proposed recovery well is not an already constructed well owned by the  
3 person recovering the water and is located within the exterior boundaries  
4 of the service area of a city, town, private water company or irrigation  
5 district, that city, town, private water company or irrigation district  
6 must be notified by the person recovering the stored water and must have  
7 the right to offer to recover the water stored on behalf of that person.  
8 If the city, town, private water company or irrigation district offers to  
9 recover the water on behalf of the person seeking recovery and the water  
10 that is offered for recovery is of comparable quality to the water that  
11 the person could recover, the person seeking to recover the water shall  
12 consider accepting the best offer from the city, town, private water  
13 company or irrigation district overlying the area of impact that has  
14 offered to recover the stored water.

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

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

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

23 (iii) If the proposed recovery well is located within the exterior  
24 boundaries of the service area of a city, town, private water company or  
25 irrigation district, that city, town, private water company or irrigation  
26 district is the person seeking to recover the water or has consented to  
27 the location of the recovery well.

28 (iv) If the proposed recovery well is located outside, but within  
29 three miles of, the exterior boundaries of the service area of a city,  
30 town, private water company or irrigation district, the closest city,  
31 town, private water company or irrigation district has consented to the  
32 location of the recovery well.

33 (v) THE STORED WATER IS NOT EFFLUENT AS DEFINED IN SECTION 45-101,  
34 PARAGRAPH 4, SUBDIVISION (b).

35 (c) The proposed recovery well is located within the area of impact  
36 of the stored water, as determined by the director, the person recovering  
37 the water is not the storer, the stored water to be recovered is not  
38 Colorado river water and all of the conditions prescribed by subdivision  
39 (b), items (i) through ~~(iv)~~ (v) of this paragraph are met.

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

1           B. Before recovering from any well water stored pursuant to a water  
2 storage permit, a person shall apply for and receive a recovery well  
3 permit from the director. The director shall issue the recovery well  
4 permit if the director determines that:

5           1. If the application is for a new well, as defined in section  
6 45-591, or except as provided in paragraphs 2 and 3 of this subsection for  
7 an existing well, as defined in section 45-591, the proposed recovery of  
8 stored water will not unreasonably increase damage to surrounding land or  
9 other water users from the concentration of wells. The director shall  
10 make this determination pursuant to rules adopted by the director.

11           2. If the applicant is a city, town, private water company or  
12 irrigation district in an active management area and the application is  
13 for an existing well within the service area of the city, town, private  
14 water company or irrigation district, the applicant has a right to use the  
15 existing well.

16           3. If the applicant is a conservation district and the application  
17 is for an existing well within the conservation district and within the  
18 groundwater basin or sub-basin in which the stored water is located, the  
19 applicant has a right to use the existing well.

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

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

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

34           2. The emergency temporary recovery well permit is necessary to  
35 allow the conservation district to provide immediate delivery of  
36 replacement water to the city, town, private water company or irrigation  
37 district.

38           3. The application is for an existing well as defined in section  
39 45-591 that is within the groundwater basin or groundwater sub-basin in  
40 which the stored water is located, is within the conservation district and  
41 is within the service area of the city, town, private water company or  
42 irrigation district.

43           E. An emergency temporary recovery well permit issued pursuant to  
44 subsection D of this section may be issued for a period of up to ninety  
45 days and may be extended for additional ninety day periods if the director



1 determines that the conditions prescribed in subsection D of this section  
2 continue to apply.

3 F. If the application for a recovery well permit is approved, the  
4 director shall issue a permit and the applicant may proceed to construct  
5 or use the well. If the application is rejected, the applicant shall not  
6 proceed to construct or use the well. A new well shall be completed  
7 within one year of receipt of the permit, unless the director in granting  
8 the permit approves a longer period to complete the well. If the well is  
9 not completed within one year or the longer period approved by the  
10 director, the applicant shall file a new application before proceeding  
11 with construction.

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

13 1. The name and mailing address of the person to whom the permit is  
14 issued.

15 2. The legal description of the location of the existing well or  
16 proposed new well from which stored water may be recovered pursuant to the  
17 permit.

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

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

21 5. The legal description of the land on which the stored water will  
22 be used.

23 6. The maximum pumping capacity of the existing well or proposed  
24 new well.

25 7. If the permit is for a proposed new well, the latest date for  
26 completing the proposed new well.

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

28 Sec. 5. Section 45-852.01, Arizona Revised Statutes, is amended to  
29 read:

30 45-852.01. Long-term storage accounts

31 A. The director shall establish one long-term storage account for  
32 each person holding long-term storage credits. The director shall  
33 establish subaccounts within the long-term storage account according to  
34 each active management area, irrigation non-expansion area, groundwater  
35 basin or groundwater subbasin in which the person's stored water is  
36 located. The long-term storage account shall be further subdivided by  
37 type of water, if the person holds long-term storage credits for more than  
38 one type of water.

39 B. Water stored pursuant to a water storage permit at a storage  
40 facility may be credited to a long-term storage account if the director  
41 determines that all of the following apply:

42 1. Either:

43 (a) The water that was stored was water that cannot reasonably be  
44 used directly.

1 (b) The water was stored in a groundwater savings facility located  
2 in an active management area that does not have a management goal of  
3 achieving or maintaining a safe yield condition, the water was stored  
4 between January 1, 2020 and December 31, 2026 and the director determines  
5 that the storage assists in implementing within this state a drought  
6 contingency plan for the lower basin of the Colorado River. The total  
7 maximum amount that may qualify under this subdivision is fifteen thousand  
8 acre-feet per year.

9 2. If the stored water was stored at a storage facility within an  
10 active management area, either:

11 (a) The water would not have been naturally recharged within the  
12 active management area.

13 (b) If the water was stored at a managed underground storage  
14 facility that has been designated as a facility that could add value to a  
15 national park, national monument or state park and the water stored is  
16 effluent, the water stored is water that could have been used or disposed  
17 of by the storer by means other than discharging the effluent into the  
18 stream.

19 3. The stored water was not recovered on an annual basis pursuant  
20 to section 45-851.01.

21 C. The director shall credit ninety-five percent of the recoverable  
22 amount of stored water that meets the requirements of subsection B of this  
23 section to the storer's long-term storage account, except that:

24 1. If the water was stored at a managed underground storage  
25 facility that does not qualify as an existing effluent managed underground  
26 storage facility and that had not been designated at the time of storage  
27 as a facility that could add value to a national park, national monument  
28 or state park and the water stored is effluent, the director shall credit  
29 to the storer's long-term storage account fifty percent of the recoverable  
30 amount of water that meets the requirements of subsection B of this  
31 section. For storage of effluent in a managed underground storage  
32 facility that is located in a recreational corridor channelization  
33 district established pursuant to title 48, chapter 35, the director may  
34 increase the storage credits earned from fifty percent to ninety-five  
35 percent if both of the following apply:

36 (a) The effluent was not discharged into the stream where the  
37 facility is located before the permit application for that facility was  
38 filed.

39 (b) The director determines that the storage of effluent in the  
40 facility will provide a greater benefit to aquifer conditions in the  
41 active management area or, if outside an active management area, to the  
42 groundwater basin than would accrue to the active management area or  
43 groundwater basin if the effluent is used or disposed of in another  
44 manner.

1           2. If the water was stored at a groundwater savings facility and  
2 the storer has not met the burden of proving that one hundred percent of  
3 the in lieu water was used on a gallon-for-gallon substitute basis for  
4 groundwater, the director shall credit to the storer's long-term storage  
5 account only the percentage of the in lieu water that meets the  
6 requirements of subsection B of this section and that was proven to the  
7 director's satisfaction as being used on a gallon-for-gallon substitute  
8 basis for groundwater.

9           3. The director shall credit to the storer's long-term storage  
10 account ninety percent of the recoverable amount of the water that meets  
11 the requirements of subsection B of this section if all of the following  
12 apply:

13           (a) The stored water was central Arizona project water that  
14 qualifies as water that cannot reasonably be used directly due solely to  
15 the exclusion of groundwater withdrawn by the storer for mineral  
16 extraction or metallurgical processing under section 45-802.01, paragraph  
17 23, subdivision (c).

18           (b) The storer was engaged in mineral extraction and metallurgical  
19 processing within an initial active management area on or before January  
20 1, 2011.

21           (c) All exterior boundaries of the storage facility that is used to  
22 store the stored water are more than twenty miles from a well owned by the  
23 storer on January 1, 2012 and that well is not an exempt well and any one  
24 or more of the following apply:

25           (i) The well is an existing well as defined in section 45-591,  
26 paragraph 1.

27           (ii) The department has issued a permit for the well under section  
28 45-599, subsection C.

29           (iii) The well was drilled pursuant to a mineral extraction and  
30 metallurgical processing permit issued by the department under section  
31 45-514.

32           4. Except as otherwise provided in paragraph 2 of this subsection,  
33 the director shall credit to the storer's long-term storage account or  
34 conservation district account one hundred percent of the recoverable  
35 amount of water that meets the requirements of subsection B of this  
36 section if any of the following applies:

37           (a) The water stored was effluent that was stored at a constructed  
38 underground storage facility, a groundwater savings facility or a managed  
39 underground storage facility that was designated at the time of storage as  
40 a facility that could add value to a national park, national monument or  
41 state park.

42           (b) The water was stored in an active management area and the  
43 stored water is water from outside the active management area that would  
44 not have reached the active management area without the efforts of the  
45 holder of the long-term storage credits.

1 (c) The water was stored outside an active management area and the  
2 stored water is water from outside the groundwater basin in which the  
3 water was stored that would not have reached the groundwater basin without  
4 the efforts of the holder of the long-term storage credits.

5 (d) The water was stored for purposes of establishing and  
6 maintaining a replenishment reserve pursuant to section 48-3772,  
7 subsection E.

8 (e) The water was stored for replenishment purposes pursuant to  
9 section 48-3771 and credited directly to a conservation district account  
10 pursuant to section 45-859.01, subsection E.

11 5. IF THE WATER STORED WAS EFFLUENT AS DEFINED IN SECTION 45-101,  
12 PARAGRAPH 4, SUBDIVISION (b), ANY LONG-TERM STORAGE CREDITS ACCRUED MAY  
13 ONLY BE USED AT THE SITE WHERE THE WATER WAS STORED, AND THE DIRECTOR  
14 SHALL CREDIT TO THE STORER'S LONG-TERM STORAGE ACCOUNT SEVENTY-FIVE  
15 PERCENT OF THE RECOVERABLE AMOUNT OF STORED WATER. WATER MAY CONTINUE TO  
16 BE STORED AND LONG-TERM STORAGE CREDITS MAY CONTINUE TO ACCRUE AND BE USED  
17 PURSUANT TO THIS PARAGRAPH BY THE HOLDER OF A LAWFULLY ISSUED PERMIT  
18 WITHOUT REGARD TO WHETHER THE WATER WAS STORED AND LONG-TERM STORAGE  
19 CREDITS WERE ACCRUED OR USED AFTER DECEMBER 31, 2025.

20 D. The director shall credit a person's long-term storage account  
21 by the amount of long-term storage credits assigned to that person by  
22 another holder of long-term storage credits pursuant to section 45-854.01.

23 E. The director shall debit the appropriate subaccount of a  
24 person's long-term storage account:

25 1. One hundred percent of the amount of stored water that the  
26 holder of the long-term storage credits has recovered during the calendar  
27 year pursuant to the permit.

28 2. The amount of long-term storage credits that the person has  
29 assigned to another person or transferred to a master replenishment  
30 account, conservation district account or water district account.

31 3. If the water was stored in an active management area, the amount  
32 of water during the calendar year that migrates to a location outside the  
33 active management area or to a location within the active management area  
34 where it cannot be beneficially used within a reasonable period of time by  
35 persons other than the storer with rights to withdraw and use groundwater.

36 4. If the water was stored outside of an active management area,  
37 the amount of water during the calendar year that migrates to a location  
38 outside the groundwater basin in which the storage facility is located or  
39 to a location in the groundwater basin where it cannot be beneficially  
40 used within a reasonable period of time by persons other than the storer  
41 with rights to withdraw and use groundwater.

42 5. The amount of long-term storage credits that the storer,  
43 pursuant to section 45-853.01, subsection B, has applied to offset  
44 groundwater withdrawn or used in excess of the storer's per capita  
45 municipal conservation requirements under the second management plan.

1           6. The amount of long-term storage credits that are held by the  
2 Arizona water banking authority and that the authority has chosen to  
3 extinguish.

4           F. To the extent the total amount of water withdrawn by a person  
5 from wells designated as recovery wells pursuant to section 45-834.01  
6 during a calendar year exceeds the amount of stored water recovered by the  
7 person on an annual basis pursuant to section 45-851.01 and the amount of  
8 long-term storage credits recovered by the person, the excess amount of  
9 water recovered shall be considered groundwater withdrawn pursuant to  
10 chapter 2 of this title.

11           Sec. 6. Title 45, chapter 3.1, article 4, Arizona Revised Statutes,  
12 is amended by adding section 45-852.02, to read:

13           45-852.02. Effluent water storage permits; annual report

14           A. THE DIRECTOR SHALL PREPARE A REPORT THAT CONTAINS THE FOLLOWING  
15 INFORMATION REGARDING WATER STORAGE PERMITS FOR EFFLUENT AS DEFINED IN  
16 SECTION 45-101, PARAGRAPH 4, SUBDIVISION (b):

17           1. THE NUMBER OF WATER STORAGE PERMITS THAT WERE ISSUED IN THE  
18 PRECEDING CALENDAR YEAR.

19           2. THE TOTAL AMOUNT OF WATER STORED PURSUANT TO THOSE PERMITS IN  
20 THE PRECEDING CALENDAR YEAR.

21           3. THE TOTAL AMOUNT OF STORED WATER THAT WAS WITHDRAWN IN THE  
22 PRECEDING CALENDAR YEAR.

23           B. THE DIRECTOR SHALL SUBMIT THE REPORT TO THE GOVERNOR, THE  
24 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES ON  
25 JUNE 30 EACH YEAR AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY  
26 OF STATE.

27           Sec. 7. Section 49-250, Arizona Revised Statutes, is amended to  
28 read:

29           49-250. Exemptions

30           A. The director, by rule, may exempt specifically described classes  
31 or categories of facilities from the aquifer protection permit  
32 requirements of this article on a finding either that there is no  
33 reasonable probability of degradation of the aquifer or that aquifer water  
34 quality will be maintained and protected because the discharges from the  
35 facilities are regulated under other federal or state programs that  
36 provide the same or greater aquifer water quality protection as provided  
37 by this article.

38           B. The following are exempt from the aquifer protection permit  
39 requirement of this article:

40           1. Household and domestic activities.

41           2. Household gardening, lawn watering, lawn care, landscape  
42 maintenance and related activities.

43           3. The noncommercial use of consumer products generally available  
44 to and used by the public.

45           4. Ponds used for watering livestock and wildlife.

1           5. Mining overburden returned to the excavation site, including any  
2 common material that has been excavated and removed from the excavation  
3 site and that has not been subjected to any chemical or leaching agent or  
4 process of any kind.

5           6. Facilities used solely for surface transportation or storage of  
6 groundwater, surface water for beneficial use or reclaimed water that is  
7 regulated pursuant to section 49-203, subsection A, paragraph 7 for  
8 beneficial use.

9           7. Discharge to a community sewer system.

10          8. Facilities that are required to obtain a permit for the direct  
11 reuse of reclaimed water.

12          9. Leachate resulting from the direct, natural infiltration of  
13 precipitation through undisturbed regolith or bedrock if pollutants are  
14 not added to the leachate as a result of any material or activity placed  
15 or conducted by man on the ground surface.

16          10. Surface impoundments used solely to contain storm runoff,  
17 except for surface impoundments regulated by the federal clean water act  
18 or article 3.1 of this chapter.

19          11. Closed facilities. However, if the facility ever resumes  
20 operation the facility shall obtain an aquifer protection permit and the  
21 facility shall be treated as a new facility for purposes of section  
22 49-243.

23          12. Facilities for the storage of water pursuant to title 45,  
24 chapter 3.1 unless reclaimed water is added.

25          13. Facilities using central Arizona project water for underground  
26 storage and recovery projects under title 45, chapter 3.1, article 6.

27          14. Water storage at a groundwater saving facility that has been  
28 permitted under title 45, chapter 3.1.

29          15. Application of water from any source, including groundwater,  
30 surface water or wastewater, to grow agricultural crops or for landscaping  
31 purposes, except as provided in section 49-247.

32          16. Discharges to a facility that is exempt pursuant to paragraph 6  
33 of this subsection if those discharges are regulated pursuant to 33 United  
34 States Code section 1342 or article 3.1 of this chapter.

35          17. Solid waste and special waste facilities if rules addressing  
36 aquifer protection are adopted by the director pursuant to section 49-761  
37 or 49-855 and those facilities obtain plan approval pursuant to those  
38 rules. This exemption shall apply only if the director determines that  
39 aquifer water quality standards will be maintained and protected because  
40 the discharges from those facilities are regulated under rules adopted  
41 pursuant to section 49-761 or 49-855 that provide aquifer water quality  
42 protection that is equal to or greater than aquifer water quality  
43 protection provided pursuant to this article.

1 18. Facilities used in:

2 (a) Corrective actions taken pursuant to chapter 6, article 1 of  
3 this title in response to a release of a regulated substance as defined in  
4 section 49-1001 except for those off-site facilities that receive for  
5 treatment or disposal materials that are contaminated with a regulated  
6 substance and that are received as part of a corrective action.

7 (b) Response or remedial actions undertaken pursuant to article 5  
8 of this chapter or pursuant to CERCLA.

9 (c) Corrective actions taken pursuant to the resource conservation  
10 and recovery act of 1976, as amended (42 United States Code sections 6901  
11 through 6992).

12 (d) Other remedial actions that have been reviewed and approved by  
13 the appropriate governmental authority and taken pursuant to applicable  
14 federal or state laws.

15 19. Municipal solid waste landfills as defined in section 49-701  
16 that have solid waste facility plan approval pursuant to section 49-762.

17 20. Storage, treatment or disposal of inert material.

18 21. Structures that are designed and constructed not to discharge  
19 and that are built on an impermeable barrier that can be visually  
20 inspected for leakage.

21 22. Pipelines and tanks designed, constructed, operated and  
22 regularly maintained so as not to discharge.

23 23. Surface impoundments and dry wells that are used to contain  
24 storm water in combination with discharges from one or more of the  
25 following activities or sources:

26 (a) Firefighting system testing and maintenance.

27 (b) Potable water sources, including waterline flushings.

28 (c) Irrigation drainage and lawn watering.

29 (d) Routine external building wash down without detergents.

30 (e) Pavement wash water if no spills or leaks of toxic or hazardous  
31 material have occurred unless all spilled material has first been removed  
32 and no detergents have been used.

33 (f) Air conditioning, compressor and steam equipment condensate  
34 that has not contacted a hazardous or toxic material.

35 (g) Foundation or footing drains in which flows are not  
36 contaminated with process materials.

37 (h) Occupational safety and health administration or mining safety  
38 and health administration safety equipment.

39 24. Industrial wastewater treatment facilities designed,  
40 constructed and operated as required by section 49-243, subsection B,  
41 paragraph 1 and using a treatment system approved by the director to treat  
42 wastewater to meet aquifer water quality standards ~~prior to~~ BEFORE  
43 discharge, if that water is stored at a groundwater storage facility  
44 pursuant to title 45, chapter 3.1, EXCEPT THAT FACILITIES THAT TREAT AND

1 STORE EFFLUENT AS DEFINED IN SECTION 45-101, PARAGRAPH 4, SUBDIVISION (b)  
2 ARE NOT EXEMPT.

3 25. Any point source discharge caused by a storm event and  
4 authorized in a permit issued pursuant to section 402 of the clean water  
5 act or an Arizona pollutant discharge elimination system permit under  
6 article 3.1 of this chapter.

7 26. Except for class V wells that are operating as prescribed by  
8 rules adopted pursuant to article 3.3 of this chapter or 42 United States  
9 Code section 300h-1(c), any underground injection well covered by a permit  
10 issued under article 3.3 of this chapter or under 42 United States Code  
11 section 300h-1(c).

12 27. Coal combustion residuals units that are regulated under 40  
13 Code of Federal Regulations part 257, subpart D or by a permit in effect  
14 under the coal combustion residuals program established pursuant to  
15 chapter 4, article 11 of this title and approved by the United States  
16 environmental protection agency as prescribed by 42 United ~~State~~ STATES  
17 Code section 6945(d)(1).