

Senate Engrossed House Bill

~~wells; intention to drill; appropriation~~
~~(now: wells; intention to drill)~~
(now: water infrastructure; bonds)

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HOUSE BILL 2014

AN ACT

AMENDING SECTIONS 49-1201 AND 49-1309, ARIZONA REVISED STATUTES; RELATING TO WATER INFRASTRUCTURE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 49-1201. Definitions

5 In this chapter, unless the context otherwise requires:

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

8 2. "Board" means the water infrastructure finance authority board
9 established by section 49-1206.

10 3. "BONDS" MEANS ANY BONDS, OBLIGATIONS, NOTES, CERTIFICATES OR
11 OTHER INDEBTEDNESS OF THE AUTHORITY THAT ARE APPROVED BY THE BOARD
12 PURSUANT TO THIS CHAPTER.

13 ~~3.~~ 4. "Bonds of a political subdivision" means bonds issued by a
14 political subdivision as authorized by law.

15 ~~4.~~ 5. "Clean water act" means the federal water pollution control
16 act amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the
17 water quality act of 1987 (P.L. 100-4; 101 Stat. 7).

18 ~~5.~~ 6. "Concession agreement" means any lease, ground lease,
19 franchise, easement, permit or other binding agreement transferring rights
20 for the use or control, in whole or in part, of water-related facilities
21 by the authority to a private partner in accordance with this chapter.

22 ~~6.~~ 7. "Drinking water facility":

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

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

28 ~~7.~~ 8. "Financial assistance loan repayment agreement" means an
29 agreement to repay a loan provided to design, construct, acquire,
30 rehabilitate or improve water or wastewater infrastructure, related
31 property and appurtenances or a loan provided to finance a water supply
32 development project.

33 ~~8.~~ 9. "Imported water" means any water that originates outside of
34 this state and that is made available to water users within this state by
35 conveyance, ~~OR~~ OR exchange or otherwise through projects that are funded or
36 financed in whole or in part with monies from the long-term water
37 augmentation fund.

38 ~~9.~~ 10. "Import water" means to make water originating outside of
39 this state available to water users within this state by conveyance, ~~OR~~ OR
40 exchange or otherwise through projects that are funded or financed in
41 whole or in part with monies from the long-term water augmentation fund.

42 ~~10.~~ 11. "Indian tribe" means any Indian tribe, band, group or
43 community that is recognized by the United States secretary of the
44 interior and that exercises governmental authority within the limits of
45 any Indian reservation under the jurisdiction of the United States

1 government, notwithstanding the issuance of any patent and including
2 rights-of-way running through the reservation.

3 ~~11.~~ 12. "Long-term water augmentation bonds" means bonds that are
4 issued by the authority in accordance with article 4 of this chapter.

5 ~~12.~~ 13. "Long-term water augmentation fund" means the fund
6 established by section 49-1302.

7 ~~13.~~ 14. "Nonpoint source project" means a project designed to
8 implement a certified water quality management plan.

9 ~~14.~~ 15. "Political subdivision" means a county, city, town or
10 special taxing district authorized by law to construct wastewater
11 treatment facilities, drinking water facilities or nonpoint source
12 projects.

13 ~~15.~~ 16. "Private partner" means a person, entity or organization
14 that is not the federal government, this state or a political subdivision
15 of this state.

16 ~~16.~~ 17. "Public-private partnership project" means any water
17 supply development project that is the subject of a public-private
18 partnership agreement in accordance with this chapter.

19 ~~17.~~ 18. "Safe drinking water act" means the federal safe drinking
20 water act of 1974 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393;
21 P.L. 104-182; 110 Stat. 1613), as amended in 1996.

22 ~~18.~~ 19. "Technical assistance loan repayment agreement" means
23 either of the following:

24 (a) An agreement to repay a loan provided to develop, plan and
25 design water or wastewater infrastructure, related property and
26 appurtenances. The agreement shall be for a term of not more than three
27 years and the maximum amount that may be borrowed is limited to not more
28 than \$500,000.

29 (b) An agreement to repay a loan provided to develop, plan or
30 design a water supply development project.

31 ~~19.~~ 20. "Wastewater treatment facility" means a treatment works,
32 as defined in section 212 of the clean water act, that is located in this
33 state and that is designed to hold, cleanse or purify or to prevent the
34 discharge of untreated or inadequately treated sewage or other polluted
35 waters for purposes of complying with the clean water act.

36 ~~20.~~ 21. "Water provider" means any of the following:

37 (a) A municipal water delivery system as defined in section
38 42-5301.

39 (b) A county water augmentation authority established under
40 title 45, chapter 11.

41 (c) A county water authority established under title 45,
42 chapter 13.

43 (d) An Indian tribe.

44 (e) A community facilities district as established by title 48,
45 chapter 4.

1 (f) A public water system as prescribed in section 49-352.

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

4 (h) A natural resource conservation district.

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

10 ~~21.~~ 22. "Water-related facilities" means any facility related to
11 the production, delivery, conservation or storage of water, including any
12 canals, pipelines, desalination plants, pumping stations, storage
13 projects, recovery wells, delivery and retention projects, water and
14 wastewater treatment plants, and other equipment and facilities installed
15 for water conservation purposes, together with any land, buildings or
16 other improvements and equipment or personal property related thereto.

17 ~~22.~~ 23. "Water supply development" means any of the 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 ~~either~~ ANY of the following
24 purposes:

25 (i) Conveyance or delivery of water.

26 (ii) Storage or recovery of water under title 45, chapter 3.1.

27 (iii) Reclamation and reuse of water.

28 (iv) Replenishment of groundwater.

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

31 (c) Conservation through reducing existing water use or more
32 efficient uses of existing water supplies.

33 Sec. 2. Section 49-1309, Arizona Revised Statutes, is amended to
34 read:

35 ~~49-1309.~~ 49-1309. Long-term water augmentation bonds; requirements;
36 authority; exemption from liability

37 A. The authority, through the board, may issue negotiable long-term
38 water augmentation bonds in a principal amount that, in its opinion, is
39 necessary to do all of the following:

40 1. Provide sufficient monies for water supply development projects
41 and financial assistance for water supply development projects approved
42 under this chapter.

43 2. Refund long-term water augmentation bonds ~~OR OTHER OBLIGATIONS~~
44 ~~OF THE AUTHORITY~~, when the authority deems it expedient to do so.

- 1 3. Increase the capitalization of the long-term water augmentation
2 fund.
- 3 4. Maintain sufficient reserves in the long-term water augmentation
4 fund to secure the long-term water augmentation bonds.
- 5 5. Pay the necessary costs of issuing, selling and redeeming the
6 long-term water augmentation bonds.
- 7 6. Pay other expenditures of the authority incidental to and
8 necessary and convenient to carry out the purposes of this article.
- 9 B. The board shall authorize long-term water augmentation bonds by
10 resolution. The resolution shall prescribe all of the following:
- 11 1. The rate or rates of interest and the denominations of the
12 long-term water augmentation bonds.
- 13 2. The date or dates and maturity of the long-term water
14 augmentation bonds.
- 15 3. The coupon or registered form of the long-term water
16 augmentation bonds.
- 17 4. The manner of executing the long-term water augmentation bonds.
- 18 5. The medium and place of payment.
- 19 6. The terms of redemption.
- 20 C. The long-term water augmentation bonds shall be sold at public
21 or private sale at the price and on the terms determined by the board.
22 All proceeds from the issuance of long-term water augmentation bonds,
23 except any amounts used to pay costs associated with the issuance and sale
24 of the long-term water augmentation bonds, shall be deposited in the
25 long-term water augmentation fund or a separately held account as
26 specified in the resolution.
- 27 D. To secure any long-term water augmentation bonds authorized by
28 this section, the board by resolution may:
- 29 1. Require that long-term water augmentation bonds issued under
30 this section be secured by a lien on all or a part of the monies paid into
31 the appropriate account or subaccount of the long-term water augmentation
32 fund and provide the priority of the lien.
- 33 2. Pledge or assign to or in trust to be held by the state
34 treasurer **OR A BOND TRUSTEE** for the benefit of the holder or holders of
35 the long-term water augmentation bonds any part of the appropriate account
36 or subaccount of the long-term water augmentation fund monies as is
37 necessary to pay the principal and interest of the long-term water
38 augmentation bonds as the bonds come due.
- 39 3. Set aside, regulate and dispose of reserves and sinking funds.
- 40 4. Require that sufficient amounts of the proceeds from the sale of
41 the long-term water augmentation bonds be used to fully or partly fund any
42 reserves or sinking funds established by the board resolution authorizing
43 the long-term water augmentation bonds.

1 5. Prescribe the procedure, if any, by which the terms of any
2 contract with bondholders may be amended or abrogated, the amount of
3 long-term water augmentation bonds the holders of which must consent to
4 and the manner in which consent may be given.

5 6. Provide for payment from the proceeds of the sale of the
6 long-term water augmentation bonds of all legal, financial and other
7 expenses incurred by the authority in issuing, selling, delivering and
8 paying the long-term water augmentation bonds.

9 7. Provide terms necessary to secure credit enhancement or other
10 sources of payment or security.

11 8. Provide any other terms and conditions that in any way may
12 affect the security and protection of the long-term water augmentation
13 bonds.

14 E. The pledge of pledged revenues by an eligible entity, or the
15 pledge of any other revenues by the authority or pursuant to a
16 public-private partnership agreement, under this article is valid and
17 binding from the time the pledge is made. The monies pledged and received
18 by the state treasurer OR A BOND TRUSTEE to be placed in the long-term
19 water augmentation fund or in any account or subaccount in the long-term
20 water augmentation fund are immediately subject to the lien of the pledge
21 without any future physical delivery or further act, and any such lien of
22 any pledge is valid or binding against all parties having claims of any
23 kind in tort, contract or otherwise against the board or the authority
24 regardless of whether the parties have notice of the lien. The official
25 resolution or trust indenture or any instrument by which this pledge is
26 created, when placed in the board's records, is notice to all concerned of
27 the creation of the pledge, and those instruments need not be recorded in
28 any other place.

29 F. A member of the board or any person executing the long-term
30 water augmentation bonds is not personally liable for the payment of the
31 long-term water augmentation bonds. The long-term water augmentation
32 bonds are valid and binding obligations notwithstanding that before the
33 delivery of the long-term water augmentation bonds any of the persons
34 whose signatures appear on the long-term water augmentation bonds cease to
35 be members of the board. From and after the sale and delivery of the
36 long-term water augmentation bonds, the bonds are incontestable by the
37 board.

38 G. The board, out of any available monies, may purchase long-term
39 water augmentation bonds, which may then be canceled, at a price not
40 exceeding either of the following:

41 1. If the long-term water augmentation bonds are then redeemable,
42 the redemption price then applicable plus accrued interest to the date of
43 redemption.

1 2. If the long-term water augmentation bonds are not then
2 redeemable, the redemption price applicable on the first date after
3 purchase by the authority on which the long-term water augmentation bonds
4 become subject to redemption plus accrued interest to the date of
5 redemption.