

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE
NATURAL RESOURCES COMMITTEE

SAWYER BESSLER
LEGISLATIVE RESEARCH ANALYST
NATURAL RESOURCES COMMITTEE
Telephone: (602) 926-3171

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SUBJECT: Strike everything amendment to S.B. 1520, relating to rural groundwater

Purpose

An emergency measure that establishes the process for the designation of a basin management area (BMA) to be initiated in the Gila Bend, Hualapai Valley or Willcox Groundwater Basin by a designation of the Director of the Arizona Department of Water Resources (ADWR) if outlined conditions apply or by an outlined petition to the Director of ADWR. Establishes a BMA council (BMA council) and outlines the goals of the BMA council. Outlines requirements for public meetings, reporting and groundwater rights. Repeals the Willcox Active Management Area (AMA) and establishes the Willcox BMA.

Background

The Director of ADWR may designate an area which is not included within an initial AMA as a subsequent AMA if: 1) active management practices are necessary to preserve the existing supply of groundwater for future needs; 2) land subsidence or fissuring is endangering property or potential groundwater storage capacity; or 3) use of groundwater is resulting in actual or threatened water quality degradation ([A.R.S. § 45-412](#)). A Groundwater Basin that is not included within an initial AMA may be locally designated as an AMA on petition by 10 percent of the registered voters residing within the boundaries of the proposed AMA ([A.R.S. § 45-415](#)). On January 8, 2025, the Willcox Groundwater Basin was designated by the Director of ADWR as a subsequent AMA ([ADWR](#)).

The Director of ADWR may designate an area which is not included within an AMA as a subsequent irrigation non-expansion area (INA) if: 1) there is insufficient groundwater to provide a reasonably safe supply for irrigation of the cultivated lands in the area at the current rates of withdrawal; and 2) the establishment of an AMA is not necessary ([A.R.S. § 45-432](#)). A subsequent INA may be locally initiated by petition to the Director of ADWR if it is signed by: 1) at least 25 irrigation users of groundwater, or 25 percent of the irrigation users within the boundaries of the Groundwater Basin or sub-basin specified in the petition; or 2) 10 percent of the registered voters residing within the boundaries of the Groundwater Basin or sub-basin specified in the petition ([A.R.S. § 45-433](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

Basin Management Areas

1. Allows the designation of a BMA to be initiated in the Gila Bend, Hualapai Valley or Willcox Groundwater Basin by either:
 - a) a petition to the Director of ADWR that is signed by at least 10 percent of the registered voters who reside within the boundaries of the Groundwater Basin specified in the petition as of the most recent report compiled by the county recorder; or

- b) the designation of the Director of ADWR and the Director's finding that any of the following applies:
 - i. land subsidence within the Groundwater Basin that is due to groundwater withdrawal is endangering property or potential storage capacity;
 - ii. there has been accelerated decline in groundwater levels within the Groundwater Basin over the preceding five years as measured by at least 10 index wells across the basin;
 - iii. the Groundwater Basin was previously designated as a subsequent irrigation non-expansion area that is located outside of a basin or subbasin from which groundwater may be transported to an AMA; or
 - iv. ADWR has reported observed mean declines in groundwater levels in the basin greater than 50 feet during the period from 2000 through 2020.
- 2. Requires the number of voters required to sign the prescribed petition, if a Groundwater Basin is located in two or more counties, to be at least 10 percent of the registered voters who reside within the boundaries of the Groundwater Basin, as of the most recent report compiled by the county recorder.
- 3. Requires the form of the prescribed petition to be substantially similar to an initiative petition.
- 4. Requires the applicant for the petition to comply with statutorily outlined requirements relating to petitions except that the duties required of the Secretary of State must be performed by the county recorders of the counties in which the registered voters of the Groundwater Basin reside.
- 5. Requires the petition to be initiated in the office of the relevant county recorder by a person who has resided in the basin for at least five years.
- 6. Prohibits a petition from being accepted more than 180 days after the date of submission of the application for petition.
- 7. Requires the Director of ADWR, on request of a county recorder, to transmit to the county recorder any factual data concerning the boundaries of the Groundwater Basin that may aid the county recorder in determining which registered voters of the county are residents and are eligible voters of the Groundwater Basin.
- 8. Requires the outlined transmitted data to include a map of the residences in the Groundwater Basin.
- 9. Requires the respective county board of supervisors, on the valid submission of the requisite signatures, to cooperate to include a question on the next general election ballot for all registered voters who reside in the Groundwater Basin.
- 10. Prescribes the outlined ballot question on whether the Groundwater Basin should be designated a BMA.

11. Requires the Director of ADWR, within 30 days after the general election results are certified and if a majority of eligible voters vote in favor of the formation of the BMA, to:
 - a) make and file in the Director's office written findings with respect to matters considered during the public meetings; and
 - b) file a true map of the BMA in the office of the county recorder of the county or counties in which the BMA is established.
12. Requires the Director of ADWR, if the Director decides to designate a BMA, to make and file an order designating the BMA.
13. Prohibits the Director of ADWR or the voters of a BMA from designating a BMA as an AMA or INA.
14. Stipulates that if a BMA is established in an area that was previously designated as an INA, the Director of ADWR must declare all basins in the INA as a BMA, and the INA and any regulations adopted pursuant to the designation as an INA terminate.
15. Requires the Director of ADWR to:
 - a) beginning five years after the formation of a BMA, conduct an economic study to be released to the public that examines:
 - i. the costs permanently closing the BMA including the reduction in local property, sales and transaction privilege and income taxes;
 - ii. the costs of the mandatory reduction in annual groundwater use pursuant to certificated groundwater rights, including the reduction in local property, sales and transaction privilege and income taxes;
 - iii. the tangible economic benefits of permanently closing the BMA and the mandatory reduction in annual groundwater use pursuant to certificated groundwater rights;
 - b) not earlier than 10 years after formation of a BMA, initiate a hydrological analysis of the Groundwater Basin that is released to the public and the BMA council not more than 14 years after the formation of the analysis;
 - c) provide technical and legal support to the BMA council on request of any BMA council member;
 - d) not require any user in a BMA to measure or report water use with the use of devices or methods that are not prescribed;
 - e) not require any groundwater user in a BMA to measure withdrawals from any wells in the BMA;
 - f) adopt a well-spacing requirement for nonexempt wells that are drilled after the basin is closed; and
 - g) allow a person to deepen or construct a replacement well at approximately the same location without conducting a well impact analysis.
16. Requires the specified hydrological analysis to include:
 - a) a summary of hydrological improvements in the basin caused by the basin closure and regulation;
 - b) a report of transfers involving all or portions of certificates of groundwater rights and the volume of water in acre-feet that was saved as a result;

- c) a determination as to whether the following conditions exist in the basin:
 - i. land subsidence within the basin due to groundwater withdrawal is endangering property or potential storage capacity;
 - ii. there has been accelerated decline in groundwater levels within the Groundwater Basin over the preceding five years as measured by at least 10 index wells across the basin; or
 - iii. ADWR has reported observed mean declines in groundwater levels in the basin greater than 50 feet during the preceding 10 years;
 - d) an assessment whether the BMA council could restore all or a portion of users' maximum annual allocation of water pursuant to certificated groundwater rights without substantially adversely affecting the hydrological conditions of the basin; and
 - e) a recommendation as to whether the BMA council should restore all or a portion of the basin's groundwater users' certificated water rights without substantially affecting the basin.
17. Specifies that ecosystem benefits do not constitute tangible economic benefits.

Public Meetings

18. Requires the Director of ADWR, if the Director designates a BMA independent of a general election, to hold a series of public meetings.
19. Requires the Director of ADWR to give reasonable notice of each meeting including publishing the notice once each week for two consecutive weeks in a newspaper of general circulation in each county in which the proposed BMA is located.
20. Requires the Director of ADWR and the counties in which the proposed BMA is located to post the notice on ADWR's and the counties' websites.
21. Requires the notice to contain the time and place of the meeting, the legal description and a map clearly identifying and describing all lands to be included in the proposed BMA and any other information the Director of ADWR deems necessary.
22. Requires the first and second meetings to be held at a location in the county in which the major portion of the proposed BMA is located not more than 60 days after the first publication of the notice of the meeting.
23. Requires the Director of ADWR, at the meeting, to present any data on groundwater levels for the proposed BMA from ADWR and to describe the effects of the proposed formation of the BMA, the cost of applications that users may submit to ADWR and the effects of water conservation.
24. Allows any person to appear at the meeting, either in person or by representative and to submit oral or documentary information regarding the proposed action or any secondary modeling challenging the modeling completed by ADWR.

25. Allows the Director of ADWR to call any other public meetings the Director deems necessary.
26. Requires the Director of ADWR, within 30 days after the final public meeting as declared by the Director, to:
 - a) declare whether the BMA will be established; and
 - b) if the BMA is established, file a copy of the Director of ADWR's findings and a true map of the BMA in the office of the county recorder of the county or counties in which the BMA is established.

BMA Councils

27. Establishes a BMA council in each BMA consisting of the following five members:
 - a) one member who represents or is an industrial user with a certificate of groundwater rights in the basin and who is a resident of Arizona;
 - b) two members who represent or are irrigation users with a certificate of groundwater rights in the basin and who are residents of Arizona;
 - c) one member who represents a municipal user with a certificate of groundwater rights in the basin and who is a resident of Arizona; and
 - d) one at-large member who resides in the basin.
28. Requires the following entities to appoint members of the BMA council in the following order:
 - a) one member who is appointed by the Governor;
 - b) one member who is appointed by the Speaker of the House of Representatives;
 - c) one member who is appointed by the President of the Senate;
 - d) one member who is appointed by the Governor from a list of three names the minority leader of the House of Representatives provides to the Governor; and
 - e) one member who is appointed by the Governor from a list of three names the Minority Leader of the Senate provides to the Governor.
29. Requires the appointing authority, if a BMA council member position is vacated, to immediately appoint a new member who represents the same class of certificated groundwater right holder or resident of Arizona at large as the prior appointee.
30. Stipulates that BMA council members may only be removed for cause.
31. Stipulates that, if a BMA council member is removed, the replacement member's term ends at the same time as the replaced member's term.
32. Subjects BMA council members to a retention election every four years.
33. Stipulates that BMA council members may continue to serve only if retained by a majority vote of eligible voters.
34. Stipulates that BMA council members are not eligible to receive compensation but are eligible for reimbursement of expenses.

35. Requires the initial BMA council members to assign themselves by lot to class one and class two.
36. Requires class one to have three members and class two to have two members.
37. Subjects class one, if a BMA council is established 60 days or more before a regular general election, to retention at the next regular general election after establishment.
38. Subjects class two, if a BMA council is established 60 days or more before a regular general election, to retention on the regular general election immediately following the next regular general election after establishment.
39. Subjects class one, if a BMA council is established fewer than 60 days before a regular general election, to retention at the second next regular general election after establishment.
40. Subjects class two, if a BMA council is established fewer than 60 days before a regular general election, to retention at the third regular general election after establishment.
41. Requires a BMA council member who desires to be retained, at least 60 days but not more than 90 days before the regular general election in which a BMA council member is subject to retention, to file, in the office of the clerk or clerks of the board of supervisors in which the BMA is located, a declaration of the BMA council member's desire to be retained in office.
42. Stipulates that if a BMA council member who is subject to retention does not file a declaration of the BMA council member's desire to be retained in office, the BMA council member's office becomes vacant on January 1st following the general election in which the BMA council member would have been a candidate for retention.
43. Requires the name of any BMA council member whose declaration to be retained in office is filed to be placed on the appropriate official ballot at the next regular general election under a nonpartisan designation and in a prescribed form.
44. Stipulates that, if a majority vote *no*, a vacancy exists, which must be filled as provided.
45. Determines that a BMA council member who receives a majority of *no* votes is not retained in office and is not eligible for appointment on any BMA council.
46. Determines that if a majority of those voting on the question vote *yes*, the BMA council member is retained in office for another four-year term, subject to removal for cause only by the Governor or by recall.
47. Stipulates that BMA council members who are removed for cause or who are recalled from office are not eligible for appointment on any BMA council.
48. Stipulates that BMA council members who are not recalled or removed for cause or who do not receive a majority of *no* votes in a retention election are eligible to serve as many terms as desired until recalled, removed for cause or receiving a majority of *no* votes in a retention election.

49. Requires the BMA council to:
 - a) select a chairperson from the BMA council's membership;
 - b) meet as often as the chairperson deems necessary;
 - c) hold at least two public meetings in the basin and allow public comment before adopting a BMA management plan;
 - d) submit a proposed BMA management plan to the chairpersons of the House of Representatives and the Senate Natural Resources, Energy and Water Committees, or their successor Committees, before adopting a management plan;
 - e) on request of the chairperson of the House of Representatives or Senate Natural Resources and Energy Committee, or its successor committee, attend a joint legislative hearing to evaluate a proposed BMA management plan;
 - f) in conjunction with ADWR, apply for and distribute grants for water conservation, water augmentation or water system upgrades within the BMA; and
 - g) submit a plan for water management to the Director of ADWR; and provide education to water users and the public on efficient water management and conservation.
50. Requires outlined grant monies to be distributed equitably across all sectors.
51. Requires the outlined plan for water management to:
 - a) be consistent with the management goals of a BMA, be legally and economically feasible and be approved by a majority of the BMA council members; and
 - b) require any annual reduction in water use to be equal in percentage for all users with a certificated groundwater right.
52. Prohibits the outlined plan for water management from:
 - a) requiring more than a one percent annual reduction in the water user's original allotment granted pursuant to a certificated groundwater right;
 - b) prohibiting a groundwater user from withdrawing intentionally created groundwater recharge, including effluent with a 10 percent net benefit to the aquifer;
 - c) requiring a water user to reduce annual water use by 10 percent of the annual allocation of water that the user is entitled to pursuant to a certificate of groundwater rights within 10 years after the formation of the BMA; and
 - d) from requiring any water user to achieve total water use reductions in increments greater than one percent per year.
53. Allows the BMA council, after receiving the report of hydrological conditions in the basin provided by ADWR in year 14 after formation of the BMA and by an affirmative vote of four or more BMA council members, to:
 - a) increase the mandatory reduction in the annual allocation of water pursuant to a certificate of groundwater rights beginning in year 15 after formation of the BMA by not greater than one percent each year and in a total aggregate amount that is equal or less than the Director of ADWR's recommendation if the following apply:
 - i. the hydrological study demonstrates that outlined conditions exist in the basin;
 - ii. the BMA council holds at least one public meeting on the hydrological report and the Director of ADWR's recommendation before voting on any reduction in the annual allocation; and

- iii. the Director of ADWR recommends that the BMA council increase the mandatory reduction in the annual allocation of water pursuant to a certificate of groundwater rights between one and 10 percent; or
 - b) decrease the mandatory reduction in the annual allocation of water pursuant to a certificate of groundwater rights beginning in year 15 after the formation of the BMA by not greater than one percent a year if the hydrological study demonstrates that outlined conditions exist in the basin.
- 54. Requires 24 years after the formation of a BMA and every 15 years thereafter the BMA council to set a schedule for the following 10-year period of mandatory reductions in annual allocations of groundwater pursuant to certificate of groundwater rights in an amount between 0 and 10 percent which must take effect at the beginning of the next year.
- 55. Prohibits mandatory reductions in annual allocations from increasing or decreasing by more than one percent a year.
- 56. Requires the Director of ADWR beginning 25 years after the formation of a BMA and every 10 years thereafter to release a hydrological report based on the prior 10-year period.
- 57. Requires all mandatory reductions in annual allocation as prescribed by the BMA council, at the end of every 10-year period of prescribed mandatory reductions and before the beginning of the following 10-year period, to remain in effect.
- 58. Prohibits a BMA council from reducing the annual allocation of groundwater awarded to an irrigation user pursuant to a certificate of groundwater rights if the irrigation user farms less than 120 acres per year.
- 59. Stipulates that a BMA council may have only those power given to it by statute and may exercise the powers of the BMA council, including the submission and adoption of a BMA management plan, only on majority vote of the BMA council or a four person majority.
- 60. Allows the goals of a BMA and a BMA council to be any of the following as determined by the BMA council:
 - a) to protect the economy while considering the need to preserve groundwater for future non-irrigation uses;
 - b) to gather and obtain a better understanding of the Groundwater Basin and aquifer health by installing index wells and persuading water users in the Groundwater Basin to voluntarily provide groundwater data to the BMA council;
 - c) to preserve existing groundwater uses in the Groundwater Basin while allowing the development of other uses and preserving future water supplies for other uses;
 - d) to reduce the rate of aquifer depletion, from the current depletion rate at the time a BMA is established to a set rate by a set year as determined by the BMA council;
 - e) to address the annual average depth-to-static level across the Groundwater Basin from dropping below a set level;
 - f) to maintain groundwater programs in the Groundwater Basin that provide reasonable access to a supply of water to meet reasonable commercial and basic domestic needs;

- g) to increase the total amount of natural, incidental or artificial recharge in the Groundwater Basin each year, from a set level in acre-feet per year to a higher set level in acre-feet per year, by a set year as determined by the BMA council; or
- h) to increase the total amount of water reuse in the Groundwater Basin each year, from a set level in acre-feet per year to a higher set level in acre-feet per year, by a set year as determined by the BMA council.

Certificate of Groundwater Rights

- 61. Requires the Director of ADWR, within 15 months after a BMA is established, to grant to each water user who applies for a certificate of groundwater rights a certificate that entitles the user to use the annual allocated amount of water as follows:
 - a) for municipal or industrial users, on application the Director of ADWR must grant the user a certificate of groundwater rights that is consistent with the maximum amount of groundwater withdrawn and used by the user in acre-feet in any one year in the five preceding years before the date of formation of the BMA; or
 - b) for irrigation users, the Director of ADWR must grant the user a certificate of groundwater rights that is consistent with the average use of the irrigation groundwater user in acre-feet over the 10 years preceding the date of formation of the BMA.
- 62. Requires the Director of ADWR to exclude from the specified calculation of the average amount of water used annually by an irrigation user in the 10 years preceding designation of the BMA, any years during which the irrigation user did not use water.
- 63. Requires ADWR to increase the amount of water entitled to a user by a certificate of groundwater rights if the user has made substantial capital investment before the petition is circulated for a BMA designation.
- 64. Stipulates that the landowner, for planned residential or mixed-use developments that have been approved by the applicable zoning authority, be granted a certificate of groundwater rights that is equal to the projected water demand of the development at build out.
- 65. Prohibits, beginning after a BMA petition is approved, new groundwater pumping from occurring in the BMA.
- 66. Allows a user with a certificate of groundwater rights to retire or diminish the groundwater user's withdrawal from an existing well and withdraw an equal amount of groundwater from a replacement well or existing well for the same use consistent with the groundwater user's certificate of groundwater rights on the same property.
- 67. Allows a user with a certificate of groundwater rights to withdraw intentionally recharged water or transfer a certificate of groundwater rights and the associated groundwater if there remains a net benefit of 10 percent or more to the aquifer.
- 68. Prohibits ADWR from requiring a groundwater user to meter wells located in a BMA or from reporting the user's groundwater use beyond the prescribed requirements.

69. Requires a groundwater user to annually report to ADWR an estimate of groundwater use based on pumping capacity and the power usage of the user's groundwater pumping or other similarly reliable and accessible methods.
70. Stipulates, for the purpose of the groundwater users prescribed annual report to ADWR relating to an estimate of groundwater use, that:
 - a) a user may voluntarily acquire and report metering data;
 - b) the annual report a groundwater user submits to ADWR is public record; and
 - c) reports and corresponding data may be presented as evidence in any court in Arizona only if the case does not involve a general stream adjudication or a federally reserved water right and a groundwater user may consent to the waiver of this privilege.
71. Requires an application for a certificate of groundwater rights to include:
 - a) the applicant's name and mailing address;
 - b) the name of the BMA subject to the application from which the applicant has withdrawn groundwater;
 - c) a sworn statement that all information contained in the application is true, complete and correct according to the best belief and knowledge of the applicant;
 - d) if the application is for municipal or industrial groundwater use:
 - i. the maximum amount of groundwater the applicant withdrew and used in any one year during the five years preceding the date of formation of the BMA;
 - ii. the applicant's use or type of use of groundwater withdrawn by the applicant; and
 - iii. the location of each well from which the applicant withdraws groundwater or has withdrawn groundwater; and
 - e) if the application is for agricultural groundwater use:
 - i. a legal description and a map of all land owned by the applicant for which the applicant claims the right to withdraw and use groundwater; and
 - ii. the amount of water the applicant has used for agricultural purposes on the land each year during the 10 years preceding the date of formation of the BMA.
72. Stipulates, for irrigation users, that substantial capital investment includes:
 - a) the improvement of land, infrastructure or on-site irrigation distribution facilities, including the drilling of wells;
 - b) the purchase or planting of perennial crops for commercial agricultural purposes; and
 - c) the irrigation or planting of permanent crops, including pecan trees and pistachio trees, that have not yet reached maturity as of the date the BMA is established.
73. Requires the Director of ADWR, for the purpose of the purchasing or planting of perennial crops for commercial agricultural purposes, to issue groundwater rights to an irrigation user in a volume that is sufficient to irrigate the perennial crops at full maturity as determined by the land grant university of this state.
74. Requires the Director of ADWR, for the purpose of the irrigation or planting of permanent crops, to grant the irrigation user that irrigates permanent crops a certificate of groundwater rights that allocates three acre-feet per acre of groundwater for permanent crops.

75. Prohibits the irrigation user, for permanent crops that were planted less than nine years before the date the BMA is established and until the plants have been planted for nine years or more, from conveying the associated volume of groundwater or using the associated volume of groundwater for any purpose other than irrigation of the permanent crops.
76. Stipulates, for non-irrigation users, that substantial capital investment includes costs related to:
 - a) the acquisition of permits and approvals, including legal, technical and environmental services that are necessary for the authorization to proceed with the project;
 - b) the acquisition or lease of land for purposes of rights-of-way easement or other state or federal land use authorization;
 - c) the improvement of land for the intended non-irrigation use;
 - d) the construction of groundwater-related infrastructure improvements including water distribution facilities, storage facilities, recharge facilities, the drilling or equipping of wells, groundwater treatment facilities water and power transmission and other project-associated facilities; or
 - e) the construction and maintenance of ancillary structures that are critical to a non-irrigation project.
77. Requires the Director of ADWR if an applicant demonstrates a substantial capital investment in the facilities associated with a non-irrigation use, to issue a groundwater permit for the identified use.
78. Requires the Director of ADWR, if the applicant puts groundwater to beneficial use for the purposes associated with the groundwater permit, to issue a certificate of groundwater rights for that volume or increase the groundwater right on the applicant's existing certificate of groundwater rights.
79. Determines that the volume of water becomes perfected, if the applicant puts the groundwater to beneficial use for the purposes associated with the groundwater permit.
80. Allows a groundwater permit holder to apply to perfect all or part of the groundwater permits volume.
81. Stipulates that groundwater permits that are unperfected cannot be transferred and groundwater permits cannot earn flexibility credits.
82. Stipulates that any data or estimate a person submits regarding a person's groundwater use for the purposes of a certificate of groundwater rights is a public record and may be presented as evidence in any court in Arizona only if the case does not involve a general stream adjudication or a federally reserved water right or the groundwater user consents to the waiver of this privilege.
83. Requires ADWR, if a groundwater user voluntarily submits evidence of water conservation, to issue the water user a receipt of water conservation acknowledging the amount of water conserved.

84. Requires ADWR to provide the BMA council with a copy of all past and future receipts granted in the Groundwater Basin.

Flexibility Accounts

85. Allows a person who is entitled to use groundwater pursuant to a certificate of groundwater rights to:
- a) use groundwater in excess of the amount allowed by the right in the outlined maximum excess amount; and
 - b) use less than the amount allowed by the right in one accounting period and use the remaining amount allowed by the right in a succeeding accounting period or periods.
86. Requires the Director of ADWR to establish rules for the maintenance of a flexibility account for each certificate of groundwater rights in a BMA.
87. Requires the Director of ADWR, if a person who is entitled to use groundwater pursuant to a certificate of groundwater rights uses solely groundwater during any accounting period, to:
- a) register a debit to the flexibility account if the amount of groundwater that is used during the accounting period is greater than the amount of the annual allocation of water granted pursuant to a certificate of groundwater rights or the amount of water that the person is entitled to use under a BMA plan; or
 - b) register a credit to the flexibility account if the amount of groundwater that is used during the accounting period is less than the amount of the annual allocation of water granted pursuant to a certificate of groundwater rights or the amount of water that the person is entitled to use under a BMA plan.
88. Stipulates that if a person who is entitled to use groundwater pursuant to a certificate of groundwater rights uses a combination of surface water, effluent or groundwater or any combination thereof and the uses of water by the person from all sources, except for surface water, other than Colorado River water, released for beneficial use from storage, diversion or distribution facilities to avoid spilling that would otherwise occur due to uncontrolled surface water inflows that exceed facility capacity, in the accounting period:
- a) exceed the amount of the annual allocation of water granted pursuant to the certificate of groundwater rights or the amount of water that the person is entitled to use under a BMA management plan, the amount of groundwater used up to the amount of excess, less any effluent used, must be registered as a debit to the flexibility account; or
 - b) are less than the amount of the annual allocation of water granted pursuant to the certificate of groundwater rights or the amount of water that the person entitled to use under a BMA plan, the amount of water not used that would have been groundwater must be registered as a credit to the flexibility account.
89. Determines that the maximum excess amount of groundwater that a person may use in any one year must be equal to 25 percent of the annual allocation of water that is granted pursuant to a certificate of groundwater rights.

90. Deems that an owner of a certificate of groundwater rights and the person using the groundwater pursuant to the right are in violation of the maximum excess amount of groundwater that a person may use if the flexibility account for the right is in arrears at any time in excess of this amount.
91. Allows groundwater equal to the credit balance in the flexibility account to be used at any time.
92. Requires each acre-foot conveyed, if a certificate of groundwater rights is conveyed in whole or in part, to carry with it a proportional share of any debits or credits in the flexibility account for the right.
93. Allows each person who owns a certificate of groundwater rights and whose right has registered a credit balance to its flexibility account to convey or sell all or a portion of the credit balance to any person, including the conveyor or seller of the credit balance, who owns another certificate of groundwater rights in the same Groundwater Basin.
94. Requires a person who sells or conveys all or a portion of a credit balance and the person to whom the credit balance is sold or conveyed to notify the Director of ADWR of the sale or conveyance within 30 days after the sale or conveyance on a form prescribed and furnished by the Director of ADWR.
95. Stipulates that a sale or conveyance of all or part of a credit balance is effective only if the Director of ADWR receives the outlined notice within 30 days after the sale or conveyance.
96. Requires the Director of ADWR, after receiving the outlined notice, to register a deduction of the credit amount conveyed or sold from the conveyor's or seller's flexibility account balance and the corresponding addition to the conveyee's or purchaser's flexibility account balance.
97. Determines that the outlined deduction and addition to the flexibility account balances are effective as of the date of the sale or conveyance.
98. Allows each person who owns a certificate of groundwater rights and whose right has registered a credit balance to its flexibility account to extinguish all or a portion of the credit balance.
99. Requires a person who extinguishes all or a portion of a credit balance to notify the Director of ADWR of the extinguishment on a form prescribed and furnished by the Director ADWR.
100. Determines that the extinguishment of all or part of a credit balance is effective as of the date the Director of ADWR receives the outlined notice.
101. Requires the Director of ADWR, after receiving the notice, to register a deduction of the credit amount extinguished from the flexibility account balance of the person who extinguished the credit balance.

Municipal and Industrial Groundwater Rights

102. Allows the owner of a municipal and industrial certificate of groundwater rights to:
- a) use groundwater withdraw pursuant to the certificate of groundwater rights for any nonagricultural use at any location in the BMA subject to the provisions governing transportation of groundwater;
 - b) withdraw groundwater pursuant to the certificate of groundwater rights only from those wells outlined on the user's certificate of groundwater rights;
 - c) request the Director of ADWR to issue a revised certificate of groundwater rights to reflect new or additional points of withdrawal or new or additional types of nonagricultural use; or
 - d) lease all or part of the municipal and industrial groundwater right.
103. Allows the lessee, if a groundwater right is leased, to use groundwater withdrawn pursuant to the groundwater right.

Agricultural Groundwater Rights

104. Allows the owner of an agricultural certificate of groundwater rights to:
- a) use groundwater withdrawn pursuant to the certificate of groundwater rights for any agricultural use on any land described in the certificate of groundwater rights; or
 - b) request the Director of ADWR to issue a revised certificate of groundwater rights to reflect new or additional acres of land within the BMA on which the owner wishes to use groundwater withdrawn pursuant to the certificate of groundwater rights for agricultural purposes.
105. Stipulates that the right to use groundwater pursuant to an agricultural certificate of groundwater rights is appurtenant to the acres of land described in the agricultural certificate of groundwater rights.
106. Stipulates that an agricultural groundwater right is owned by the owner of the land to which the groundwater right is appurtenant and may be leased for agricultural use with the land to which it is appurtenant.
107. Allows the owner or lessee of an agricultural certificate of groundwater rights to withdraw or receive groundwater from any location in the BMA that is subject to the provision governing transportation of groundwater.

Conversion of Agricultural Groundwater Rights to Municipal and Industrial Use

108. Allows the owner of an agricultural certificate of groundwater rights to convert all or a part of the groundwater right to a municipal and industrial use.
109. Allows a municipal or industrial groundwater user to withdraw and use a converted agricultural groundwater right annually for municipal and industrial use in the amount of 85 percent of the amount of the agricultural groundwater right allocation, regardless of if the municipal and industrial use is on land in the agricultural certificate of groundwater rights or if the municipal industrial use is on other land than land described in the agricultural certificate of groundwater rights.

110. Requires, a person who proposes to convert an agricultural groundwater right to a municipal and industrial use to notify the Director of ADWR, on a form prescribed and furnished by the Director of ADWR, of the conversion and the location of each well from which groundwater will be withdrawn for a municipal and industrial use and the types of use for which groundwater will be withdrawn.
111. Requires the Director of ADWR, after receiving notice of a conversion of an agricultural groundwater right to a municipal and industrial use, to issue the owner a revised agricultural certificate of groundwater rights for the remaining agricultural use, if any, and a new municipal industrial certificate of groundwater rights for the converted municipal and industrial use.

Conveyance of a Certificate of Groundwater Rights

112. Allows the owner of a municipal and industrial certificate of groundwater rights to sell or convey all or part of the groundwater right for any nonagricultural use in the same Groundwater Basin.
113. Stipulates that the following apply to a sale or conveyance of a municipal and industrial certificate of groundwater rights:
 - a) within 30 days after a conveyance of a groundwater right, the conveyor of all or part of a municipal and industrial right and the conveyee of the municipal and industrial right must notify the Director of ADWR of the conveyance on a form prescribed and furnished by the Director of ADWR; and
 - b) after receiving notice of a conveyance of a municipal and industrial groundwater right, the Director of ADWR must issue to the conveyor a revised municipal and industrial certificate of groundwater rights for the portion of the groundwater right that is retained by the conveyor, if any, and issue to the conveyee a new municipal and industrial certificate of groundwater rights for the portion of the groundwater right conveyed.
114. Requires the outlined form relating to the conveyance of a municipal and industrial right to include:
 - a) the amount in acre-feet that is retained by the conveyor, if any;
 - b) the amount in acre-feet that is transferred to the conveyee;
 - c) the types of use for which groundwater will be withdrawn by the conveyor, if any;
 - d) the types of use for which groundwater will be withdrawn by the conveyee;
 - e) the location of each well from which groundwater will be withdrawn by the conveyor, if any; the location of each well from which groundwater will be withdrawn by the conveyee; and
 - f) any other information the Director of ADWR reasonable requires.
115. Allows the owner of an agricultural certificate of groundwater rights to convey land described in the groundwater user's certificate of groundwater rights.
116. Requires each acre conveyed to carry with it a proportional share of the annual allocation of groundwater that is granted pursuant to the certificate of groundwater rights.

117. Stipulates that the following apply to a conveyance of an agricultural certificate of groundwater rights:
 - a) within 30 days after the conveyance of land described in an agricultural certificate of groundwater rights, the conveyor and the conveyee must each notify the Director of ADWR of the conveyance on a form prescribed and furnished by the Director of ADWR; and
 - b) after receiving notice of a sale or conveyance of an agricultural certificate of groundwater rights the Director of ADWR must issue to the conveyor a revised certificate of groundwater rights for the portion of the groundwater right that is retained by the conveyor, if any, and issue to the conveyee a new agricultural certificate of groundwater rights for the portion of the groundwater right conveyed.
118. Requires the outlined notice relating to the conveyance of land described in an agricultural certificate of groundwater rights to include:
 - a) a legal description and a map of the land that is retained by the conveyor, if any;
 - b) a legal description and map of the land that is conveyed to the conveyee; and
 - c) any other information the Director of ADWR reasonable requires.
119. Allows the owner of an agricultural certificate of groundwater rights to sell or convey all or part if the right for agricultural use on other land in the same Groundwater Basin.
120. Stipulates that the following apply to the sale or conveyance of an agricultural certificate of groundwater rights:
 - a) within 30 days after the sale or conveyance, the conveyor of an agricultural certificate of groundwater rights must notify the Director of ADWR of the conveyance on a form prescribed and furnished by the Director of ADWR; and
 - b) after receiving notice of a sale or conveyance of an agricultural certificate of groundwater rights for use on other agricultural land, the Director of ADWR must issue to the conveyor a revised certificate of groundwater rights for the portion of the right retained by the conveyor, if any, and issue to the conveyee a new agricultural certificate of groundwater rights for the portion of the right conveyed.
121. Requires the outlined notice relating to the sale or conveyance of an agricultural certificate of groundwater rights to include the following:
 - a) the amount in acre-feet that is retained by the conveyor, if any;
 - b) the amount in acre-feet that is transferred to the conveyee;
 - c) a legal description and a map of the land on which the conveyor desires to use groundwater for an agricultural purpose and the portion of the agricultural groundwater right retained;
 - d) a legal description and a map of the land on which the conveyee desired to use groundwater for agricultural use pursuant to the agricultural groundwater right conveyed; and
 - e) any other information the Director of ADWR reasonably requires.
122. Stipulates that the transfer of flexibility credits between an irrigation user and a livestock industrial user that share common ownership is not subject to any reduction in the irrigation groundwater right allocation.

Retirement of a Certificate of Groundwater Rights

123. Allows the owner of a certificate of groundwater rights to retire all or part of the groundwater rights.
124. Requires a person who proposes to retire all or part of a certificate of groundwater rights to notify the Director of ADWR of the retirement on a form prescribed and furnished by the Director of ADWR.
125. Requires the outlined notice for the retirement of all or part of a certificate of groundwater rights to include:
 - a) the amount in acre-feet of the groundwater right to be retired;
 - b) if the groundwater right to be retired is a municipal and industrial groundwater right:
 - i. the type or typed of use for which groundwater will be withdrawn under the portion of the groundwater right not retired, if any;
 - ii. the location of each well from which groundwater will be withdrawn under the portion of the groundwater right not retired, if any; and
 - iii. any other information the Director of ADWR reasonably requires; and
 - c) if the groundwater right to be retired is an agricultural groundwater right:
 - i. a legal description and a map of the land on which the person proposing to retire the groundwater right desires to use groundwater for an agricultural purpose and the portion of the groundwater right not retired, if any; and
 - ii. any other information the Director of ADWR may require.
126. Requires the Director of ADWR, after receiving notice of retirement of all or part of a certificate of groundwater rights, to issue to the person who retires the groundwater right a revised certificate of groundwater rights for the portion of the groundwater right not retired, if any.

Miscellaneous

127. Stipulates that, on the effective date of this legislation, the Willcox AMA is repealed and supplanted by the Willcox BMA.
128. Requires the Director of ADWR, on the effective date of this legislation, to file an order designating the Willcox AMA as repealed and supplanted by the Willcox BMA.
129. Requires the outlined order designating the Willcox AMA as repealed and supplanted by the Willcox AMA to be published at least once each week for two weeks immediately following the effective date of this legislation in a newspaper of general circulation in each county where the Willcox BMA is location.
130. Repeals the outlined requirements relating to the repeal of the Willcox AMA and the establishment of the Willcox BMA on January 1, 2026.
131. Stipulates that the outlined regulations relating to BMAs does not preempt the transportation of groundwater.

132. Adds, to the definition of *eligible entity* as it relates to Water Supply Development Revolving Fund financial provisions, to include a BMA council.
133. Defines *land subsidence* as the settling or lowering of the surface of land that results from the withdrawal of groundwater and does not include the settling of the alluvium of a river channel.
134. Becomes effective on signature of the Governor, if the emergency clause is enacted.