



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

FACT SHEET FOR H.B. 2444

natural resource conservation districts; revisions

Purpose

Establishes the Natural Resource Conservation District (NRCD) Fund and the NRCD Fund Commission (Commission).

Background

The Natural Resource Conservation Service (NRCS) was established as a division of the U.S. Department of Agriculture (USDA) in response to the 1930's Dust Bowl. In 1941, Arizona created NRCDs to provide for the restoration and conservation of lands and soil resources of Arizona ([ASLD](#); [A.R.S. § 37-1001](#)). Arizona has 32 NRCDs that are administered by the Arizona State Land Department (ASLD) and 10 Soil and Water Conservation Districts (CDs) that were created through Tribal Law ([ASLD](#)). NRCDs and CDs may enter into memoranda of understanding (MOUs) with the NRCS when their objectives and duties overlap to outline their respective roles in completing goals and projects ([USDA](#)).

The ASLD Commissioner (Commissioner) oversees NRCDs through the Natural Resource Conservation Division within ASLD ([A.R.S. § 37-1011](#)). The Commissioner must: 1) provide assistance to supervisors of NRCDs; 2) supervise NRCDs activities; 3) coordinate programs through advice and consultation; 4) require NRCDs to file annual audits and records of operations; and 5) secure assistance of the United States ([A.R.S. § 37-1013](#)).

NRCDs are governed by five-member supervisory boards consisting of three elected supervisors and two Commissioner-appointed supervisors. Each supervisor serves six-year terms ([A.R.S. § 37-1051](#)). NRCDs may: 1) conduct research programs; 2) create and administer soil health programs; 3) enter into agreements to carry out programs on conservation; 4) develop and distribute comprehensive plans for conserving soil and water resources; and 5) establish education centers to increase the knowledge of natural resources ([A.R.S. § 37-1054](#)).

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

Provisions

Natural Resource Conservation District Fund Commission

1. Establishes the Commission consisting of the following members:
 - a) one member, appointed by the Speaker of the of the House of Representatives (Speaker of the House), who is a resident of Arizona and a supervisor for an NRCD or CD that has executed an MOU with the NCRS;

- b) one member, appointed by the President of the Senate (Senate President), who is a resident of Arizona and a supervisor for an NRCD or CD that has executed an MOU with the NCRS;
 - c) one member, appointed by the Minority Leader of the House, who is a resident of Arizona and a supervisor for an NRCD or CD that has executed an MOU with the NCRS;
 - d) one member, appointed by the Minority Leader of the Senate, who is a resident of Arizona and a supervisor for an NRCD or CD that has executed an MOU with the NCRS;
 - e) two members, appointed by the Governor, who are residents of Arizona and a supervisor for an NRCD or CD that has executed an MOU with the NCRS;
 - f) one member, appointed by the members of the Commission, who serves on the executive board of a statewide association of NRCDs;
 - g) as a nonvoting ex officio member, the Commissioner; and
 - h) as nonvoting advisory members, one member of the House appointed by the Speaker of the House, one member of the Senate appointed by the Senate President, one member of the House appointed by the Minority Leader of the House and one member of the Senate appointed by the Minority Leader of the Senate.
2. Prohibits two appointed members of the Commission from serving as a supervisor for an NRCD from the same geographic natural resource area.
 3. Requires at least six appointed members to be from an NRCD.
 4. Requires appointed members of the Commission to be selected from applications submitted by qualified individuals or NRCD Boards to the Governor, Speaker of the House, Senate President, Minority Leader of the House and Minority Leader of the Senate.
 5. Requires an application to include the applicant's name, qualifications and an NRCD on which the applicant serves as a supervisor.
 6. Requires an appointed member of the Commission to serve two-year staggered terms.
 7. Allows a member to serve more than one term and continue to serve past the end of their term until a successor is appointed and assumes office.
 8. Allows, on request, a voting member to be eligible for reimbursement for expenses.
 9. Immunizes the members of the Commission from liability for any action necessary to carry out the purposes of an NRCD.

Powers and Duties

10. Declares that a majority of the Commission constitutes a quorum and is able to exercise the authority and duties of the Commission.
11. Prohibits nonvoting advisory members from consideration when establishing a quorum.
12. Allows less than the majority of the Commission to hold public meetings without taking legal action.

13. Requires the Commission to:

- a) adopt rules necessary to perform its duties;
- b) award grants from the NRCD Fund;
- c) coordinate staffing needs with the Commissioner;
- d) adopt an official seal;
- e) keep the minutes of Commission meetings and all records, reports and other information relating to the Commission's work and programs in permanent form, systematically indexed and filed;
- f) designate an individual to execute all documents and instruments on behalf of the Commission;
- g) annually elect a chairperson and vice chairperson for the Commission;
- h) manifest and record Commission actions by motion, resolution, order or other appropriate means;
- i) hold additional open public meetings as the Commission considers appropriate; and
- j) prepare an annual report of the Commission's activities.

14. Allows the Commission to:

- a) sue and be sued;
- b) contract with any person for the expenditure of NRCD Fund monies, including awarding grants;
- c) meet with state authorities to consider matters of mutual interest;
- d) secure from any state agency or department information necessary to enable the Commission to carry out its purposes;
- e) accept, use and dispose of appropriations, gifts or grants of money or other property or donations of services, from whatever source, only to carry out the purposes of an NRCD; and
- f) perform all other acts necessary to carry out the purposes of an NRCD.

15. Prohibits the Commission from using NRCD Fund monies to purchase real property or to use eminent domain to acquire water, water rights or long-term storage credits.

Grant Application Guidelines

16. Requires the Commission, by July 1, 2024, and every three years thereafter, to develop guidelines for grant applications with the Commissioner, before grants are awarded.

17. Requires the grant guidelines to include:

- a) a delineation of geographic areas in Arizona where protection and restoration will be emphasized;
- b) issues of concern;
- c) types of measures needed to address issues of concerns; and
- d) a requirement that the applicant include a description of the relationship between the proposed project and existing plans, reports and information that are relevant to the proposed project.

18. Allows the Commission to amend the grant guidelines.

Public Involvement

19. Subjects the Commission to the prescribed regulations on public meetings, proceedings and records.
20. Requires the Commission to gather information from the following:
 - a) the Commissioner;
 - b) federal and state fish, wildlife, recreation and natural resource agencies;
 - c) county and municipal entities; and
 - d) the public.
21. Requires the Commission to develop guidelines for grant applications after reviewing the recommendations submitted by an NRCD and the information gathered from the public involvement process.
22. Requires the Commission to develop procedures to ensure adequate public participation.
23. Requires the public participation procedures, at minimum, to:
 - a) prescribe public notice requirements, including the content and publication of the notice;
 - b) provide an opportunity for public hearings and procedures that govern the public hearings, including that public hearings be held at places and times that afford a reasonable opportunity for the public to participate; and
 - c) require the public availability of relevant documents.
24. Requires the Commission to make copies of recommendations and supporting documents available for viewing.
25. Allows the Commission to charge a fee for copying recommendations and supporting documents.

Project Grants

26. Requires the Commission to:
 - a) award grant monies from the NRCD Fund based on the application guidelines;
 - b) establish a procedure by which NRCD Fund monies may be granted annually;
 - c) approve or deny an application and disburse grant monies from the NRCD Fund within six months after receiving the application;
 - d) require as a condition of approval of any application all the following:
 - i. allowing access for inspection and evaluation of the project;
 - ii. controlling the expenditure of and accounting for any NRCD Fund monies awarded by the Commission;
 - iii. requiring that the persons responsible for the project submit all pertinent information and research gained from the project to the Commission;
 - iv. requiring that any person receiving a grant spend up to five percent of the grant on the cost of administering the project; and
 - v. committing to work jointly with the affected cities, towns, counties, NRCDs and special districts that have contacted the Commission on all aspects of the project's implementation and monitoring, unless the jurisdiction chooses not to participate; and
 - e) provide for public involvement on grant applications submitted to the Commission.

27. Requires public involvement to include:
 - a) publicly posting application information;
 - b) notifying any person who requests notice of applications; and
 - c) a reasonable opportunity for comment on an application for a period of at least 45 days.
28. Allows any NRCD with supervisors to apply for a grant from the NRCD Fund.
29. Allows the ASLD to apply for a grant from the NRCD Fund for additional monies necessary for administrative costs.
30. Excludes a federal agency from eligibility to receive grant monies from the NRCD Fund.
31. Allows a grant to only be awarded to finance outlined programs located in Arizona.
32. Requires a grant application to be submitted to the Commission.
33. Allows the applications to include expressions of support from affected cities, towns, counties, NRCDs, special districts or Indian tribes.
34. Exempts awarded grants from the Arizona Procurement Code.

Natural Resource Conservation District Fund

35. Establishes the NRCD Fund administered by the Commission, and consisting of legislative appropriations.
36. Subjects the NRCD Fund monies to legislative appropriation.
37. Requires the Commission to:
 - a) establish priorities for the NRCD Fund; and
 - b) use NRCD Fund monies to provide grants for NRCD programs.
38. Allows the Commission to accept and spend private grants, gifts, contributions and devises to assist in providing grants.
39. Allows the Commission to award up to five percent of the total monies deposited in the NRCD Fund during the previous calendar year as a grant to the ASLD for additional monies to administer NRCDs.
40. Requires the State Treasurer, on notice from the Commission, to invest and divest NRCD Fund monies and requires monies earned from investment to be credited to the NRCD Fund.
41. Exempts NRCD Fund monies from lapsing.
42. Allows the interest earned on NRCD Fund monies to be spent by the ASLD for administrative costs and any interest earned in excess of ASLD administrative costs to be awarded as a grant.
43. Requires the Commission to submit a detailed report by July 1 annually to the Governor, the Senate President and the Speaker of the House and submit a copy to the Secretary of State, describing the actions taken by the Commission and the grants awarded from the NRCD Fund during the previous fiscal year.

Powers and Duties of the Commissioner

44. Adds, to the requirements of the Commissioner:
- a) keeping the supervisors of each NRCD informed of relevant information from other states and facilitating program opportunities between NRCDs;
 - b) providing administrative, technical and legal support to the Commission, when funding is available, including the hiring of a contract administrator, office support and technical support staff who are employees of the ASLD;
 - c) assisting NRCDs when cooperating or coordinating with a federal agency;
 - d) assisting NRCDs in developing long-range plans; and
 - e) coordinating with the Commission on staffing needs.
45. Removes, from the requirements for the Commissioner:
- a) coordinating the programs of the several NRCDs by advice and consultation; and
 - b) disseminating information throughout Arizona concerning the activities and program of NRCDs.

District Supervisors

46. Instructs the Commissioner to appoint two supervisors from a list of nominees provided by the elected supervisors.
47. Replaces the number of signatures of qualified electors that are required for a nomination petition, from 25 to at least one-half of one percent but no less than five.
48. Allows an NRCD board to cancel an election if only one person files a nominating petition for an election to fill a position on an NRCD board and appoint the person to fill the position.
49. Allows an NRCD board to cancel an election if no one files a nominating petition for an election to fill a position on an NRCD board and fill the vacancy as outlined.
50. Deems a person who is appointed as a supervisor as fully vested with the powers and duties of the office as if elected to that office.
51. Instructs the Commissioner to appoint supervisor vacancies from a list of nominees provided by the elected supervisors.

Powers of Districts

52. Adds, to the list of allowed activities of NRCDs:
- a) educating landowners on measures that will aid farm and range operations;
 - b) coordinating with a landowner, operator or any agency or subdivision of Arizona or the federal government to carry on programs;
 - c) applying for, receiving and spending monies from the Water Infrastructure Finance Authority; and
 - d) applying for grants.
53. Allows an NRCD to send written recommendations to the Commissioner for geographic areas to be emphasized, issues of concern and measures to implement.

Miscellaneous

54. Replaces the requirement to publish a hearing notice in a newspaper of general circulation within the county with a requirement to post the notice on an NRCD's website.

55. Defines terms.

56. Makes technical and conforming changes.

57. Becomes effective on the general effective date.

House Action

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| 3 rd Read | 2/28/23 | | 31-26-3 |

Prepared by Senate Research

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RA/SF/slp