



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR H.B. 2865

natural resource conservation districts; board

Purpose

Transfers oversight of the Natural Resource Conservation Districts (NRCDS) from the Arizona State Land Commissioner (Commissioner) to the Arizona State NRCDS Board (Board). Establishes the Board and the NRCDS Fund. Appropriates \$150,000 and 2 FTE positions from the state General Fund (state GF) in FY 2025 to the Board and \$1,000,000 from the state GF in FY 2026 to the NRCDS Fund.

Background

The Arizona State Land Department must contain an office known as the Division of Natural Resource Conservation under the direction and authority of the Commissioner. The Commissioner must: 1) offer appropriate assistance to the supervisors of NRCDS in carrying out their power and programs; 2) keep the supervisors of each NRCDS informed of the activities and experiences of other NRCDS, and facilitate cooperation and interchange of advice and experience between NRCDS; 3) coordinate the programs of the several NRCDS insofar as possible by advice and consultation; 4) require the supervisors of each NRCDS to file with the Commissioner annually any audits and the records of the operations of the NRCDS for the preceding year in the form and detail as the commissioner prescribes; 5) secure the cooperation and assistance of the United States, its agencies and agencies of Arizona, in the work of NRCDS as local units of state government with special expertise concerning land, soil, water and natural resources management within the boundaries of the NRCDS, as the Commissioner deems for the best interest of Arizona; 6) disseminate information throughout Arizona concerning the activities and program of NRCDS; and 7) provide staff support to the Arizona Water Protection Fund Commission and provide administrative assistance to NRCDS for compliance with the prescribed duties (A.R.S. §§ [37-1011](#) and [37-1013](#)).

H.B. 2865 appropriates \$150,000 and two FTE positions from the state GF in FY 2025 to the Board and \$1,000,000 from the state GF in FY 2026 to the NRCDS Fund.

Provisions

NRCDS Board

1. Establishes the Board consisting of the following members who are residents of Arizona:
 - a) eight members who are from different geographic natural resource areas as defined by a statewide organization that represents all NRCDS statewide, of whom two are appointed by the Governor, three are appointed by the President of the Senate, and three are appointed by the Speaker of the House of Representatives:
 - i. six of whom are elected supervisors for an NRCDS;

- ii. two of whom may be appointed supervisors from a soil and water conservation district;
 - iii. at least one of whom must be a member of the executive board of a statewide organization that represents NRCDs statewide;
 - b) three members who are appointed by the Governor from any of the following and who serve at the pleasure of the Governor:
 - i. the Commissioner or the Commissioner's designee;
 - ii. the Director of the Arizona Department of Agriculture (AZDA) or the Director's designee;
 - iii. the Arizona State Forester (Forester) or the Forester's designee; and
 - iv. the Director of the Arizona Game and Fish Department or the Director's designee.
2. Requires the Board to elect a chairperson from among its members.
3. Requires the Chairperson to be a member who represents a NRCD or soil and water conservation district.
4. Requires the initial members of the Board to assign themselves to terms of one, two and three years in office.
5. Requires all subsequent members of the Board to serve three-year terms.
6. Requires the chairperson of the Board to notify the Governor's Office of these terms.
7. Prohibits a member, if that member's term as a supervisor expires while serving on the Board, from serving out the member's term as a Board member.
8. Requires a replacement to be appointed from the same geographic resource area to fulfill the remainder of that member's term.
9. Requires Board members to be reimbursed for expenses while attending Board meetings.
10. Allows the Board to appoint or contract for an administrative officer, a secretary and such other assistants as may be required, assign their duties, define their power and determine the amount of bond required of any assistant entrusted with monies or property.
11. Requires the compensation of all such assistants to be determined as outlined.
12. Requires the Board to:
 - a) adopt a judicially noticed seal;
 - b) hold public hearings;
 - c) keep records of all proceedings and annual records of district operations;
 - d) adopt orders and rules; and
 - e) perform other acts as deemed necessary.
13. Adds, to the requirements of the Board, to:
 - a) keep the supervisors of each district informed of relevant information from other states and program opportunities between NRCDs;

- b) meet at least quarterly to receive updates from the Board’s administrative officer regarding any relevant issue or matter necessary to carry out outlined duties, provide guidance to the administrative officer and vote on any matters requiring a decision by the Board;
 - c) assist an NRCD when the NRCD is cooperating or coordinating with a federal agency;
 - d) assist NRCDs with developing conservation action or district wide plans;
 - e) adopt administrative rules that the Board deems necessary and proper to carry out outlined duties.
14. Removes, from the requirements of the Board, to provide staff support to the Arizona Water Protection Fund Commission and provide administrative assistance to the NRCDs for compliance with the outlined duties of the NRCDs.
15. Allows the Board to contract or employ legal counsel, independent from the Attorney General, and other professional and administrative services.
16. Allows legal counsel retained by the Board to advise and represent the Board in legal matters before other departments and agencies of Arizona and represent the Board in litigation concerning the affairs of the Board.
17. Exempts contracts for legal and professional services from the outlined restrictions on state agencies as to legal counsel.
18. Terminates the Board on July 1, 2032.

NRCD Fund

19. Establishes the NRCD Fund consisting of legislative appropriations, grants, federal monies and other contributions.
20. Requires the Board to administer the NRCD Fund.
21. States that monies in the NRCD Fund are continuously appropriated and are exempt from lapsing.
22. Requires the State Treasurer, on notice from the Board, to invest and divest monies in the NRCD Fund and credit monies earned from investment to the NRCD Fund.
23. Requires the Board to:
- a) establish criteria for the use of monies in the NRCD Fund;
 - b) establish and revise, as necessary, the grant application process;
 - c) review and evaluate all submitted grant applications; and
 - d) award grants to NRCDs and Soil and Water Conservation Districts to conduct projects that further the purpose of the outlined district.
24. Exempts awarded grants from the Arizona Procurement Code.
25. Prohibits monies in the NRCD Fund to be used to acquire property.

26. Allows up to 10 percent of the monies in the NRCD Fund to be used by the Board for the administration of the NRCD Fund.
27. Requires the Board, by December 31, 2025, and each year thereafter, to submit a report describing the grants awarded from the NRCD Fund during the previous fiscal year to:
 - a) the Governor’s Office of Strategic Planning and Budgeting;
 - b) the President of the Senate;
 - c) the Speaker of the House of Representatives;
 - d) the chairperson of the Senate Natural Resources, Energy and Water Committee or its successor committee;
 - e) the chairperson of the House Natural Resources, Energy and Water Committee or its successor committee; and
 - f) provide a copy of this report to the Secretary of State.

NRCD Creation and Election

28. Requires the notice for a hearing on petition for the creation of an NRCD to be posted on the NRCD’s website.
29. Requires any person desiring to be an NRCD Board candidate to submit a nomination petition containing the signatures of at least one-half of 1 percent of the qualified electors of the NRCD or 5 qualified electors of the NRCD, whichever is higher, rather than at least 25 percent of the qualified electors.
30. Allows, if only one person files a nominating petition for an election to fill a position on the NRCD Board for which the term of office is to expire, the Board to cancel the election for that position and instead appoint the person who filed the nominating petition to fill the position.
31. Allows, if no person files a nominating petition for an election to fill an NRCD position, the Board to cancel the election for the offices and the offices to be filled as otherwise provided by law.
32. States a person who is appointed is fully vested with the powers and duties of the NRCD office as if elected.

Powers and Duties

33. Adds, to the powers of an NRCD:
 - a) educating landowners;
 - b) applying for grants; and
 - c) applying for, receiving and spending monies from the Water Infrastructure Finance Authority of Arizona to be used in individual NRCDs or in cooperation with other NRCDs and cities, towns, counties, special districts, Indian communities and other persons for projects.
34. Transfers oversight of the NRCDs from the Commissioner to the Board.
35. Stipulates the Commissioner’s oversight and responsibilities to the NRCDs expires on December 31, 2024.

36. Requires the Board, on appointment by the Governor, and the Commissioner to meet before the general effective date to initiate the transitioning of duties from the Commissioner to the Board.

37. Requires the Board to:

- a) initiate the recruitment of staff;
- b) determine where the staff will be housed;
- c) decide on an annual budget; and
- d) conduct any other business required to effectuate the transition of duties.

Appropriations

38. Appropriates \$150,000 and two FTE positions from the state GF in FY 2025 to the Board.

39. Appropriates \$1,000,000 from the state GF in FY 2026 to the NRCD Fund.

40. Exempts the appropriations from lapsing.

Miscellaneous

41. Defines terms.

42. Contains a purpose statement.

43. Makes technical and conforming changes.

44. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Modifies Board membership.

House Action

Senate Action

LARA	2/12/24	DP	8-1-0-0	NREW	3/14/24	DPA	6-0-1
3 rd Read	2/29/24		37-22-0-0-1				

Prepared by Senate Research

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RA/slp