



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, First Regular Session*

**ENACTED**

**AMENDED**

FACT SHEET FOR S.B. 1274/H.B. 2336

assured water supply; subdivisions.

Purpose

Modifies requirements for the designation of assured water supply in the Pinal Active Management Area (Pinal AMA) and for the determination of whether changes to a subdivision plat in an AMA are material changes.

Background

*Assured water supply* is sufficient water supplies of adequate quality that will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that is consistent with the management plan and management goals for the AMA and that the financial capability has been demonstrated to construct the necessary water facilities to supply water for the proposed use.

The Director of the Arizona Department of Water Resources (ADWR) designates municipalities or private water companies in AMAs that meet the criteria of assured water supply as having a *designation of assured water supply*. If a person wishes to offer subdivided lands in an AMA for sale or lease, the person must first apply for and obtain a *certificate of assured water supply* from the Director of ADWR (Director) or a written commitment of water service for the subdivision from a municipal or private water company with a designation of assured water supply ([A.R.S. § 45-576](#)).

Current statute directs the Director to establish a long-term storage account for each holder of long-term storage credits, divided according to where water is stored for each AMA, irrigation non-expansion area, groundwater basin or groundwater subbasin. Permitted stored water qualifies for a long-term storage credit of 95 percent of the recoverable amount if the water: 1) cannot be used directly; 2) was stored at a storage facility within an AMA that either would not have been naturally recharged within that AMA or was effluent stored at an underground storage facility designated as able to add value to a national park, national monument or state park that could have been used or disposed of by other means than discharge into the stream; and 3) was not annually recovered ([A.R.S. § 45-852.01](#)).

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

Provisions

1. Prohibits, in the Pinal AMA, for an application to modify a designation of assured water supply, the Director from reviewing the physical availability of the groundwater and the stored water to be recovered outside of the area of impact of storage sought to be included in the designation, if the total volume of groundwater and stored water to be recovered outside the area of impact of storage does not exceed the total volume of water included in the previous designation minus the sum of

the volume of net groundwater actually withdrawn and the volume of stored water recovered outside the area of impact since the issuance of the previous designation order.

2. Prohibits the physical availability of the groundwater and stored water to be recovered outside the area of impact of storage from being grounds for objection to an application to modify a designation of assured water supply or for a new application for a designation for the same service area to be served by a substitute provider in the Pinal AMA.
3. Specifies that the outlined requirements for an application to modify a designation of assured water supply or for a new application for a designation for the same service area to be served by a substitute provider do not affect the Director's review of assured water supply criteria other than the physical availability of groundwater and stored water to be recovered outside the area of impact of storage.
4. Deems both of the following as physically available for purposes of an assured water supply designation in the Pinal AMA, for an application to modify a designation of assured water supply or for a new application for a designation for the same service area to be served by a substitute provider:
  - a) stored water that is to be recovered by the applicant within the area of impact of storage pursuant to existing long-term storage credits pledged to the designation of assured water supply; and
  - b) stored water that is to be recovered by the applicant within the area of impact of storage either on an annual basis or as long-term storage credits to be earned in the future if the water to be stored meets the physical availability requirements for assured water supply rules adopted by the Director.
5. Prohibits the Director, in considering whether any changes to a plat for which a certificate of assured water supply has been issued in an AMA are material changes, from considering any change in the number of housing units or lots.
6. Specifies that, in determining whether a change in a subdivision plat requires a new application for assured water supply for a subdivision where a current certificate applies, a change in the total number of housing units or lots does not constitute a material change if there is a reduction in the total water demand for the subdivision.
7. Allows the Director to revise the assured water supply rules to apply the outlined requirements for the Pinal AMA for determining the physical availability of water to other AMAs.
8. Defines *area of impact of storage* as:
  - a) within one mile of an existing or proposed underground storage facility where the water to be recovered is or will be stored;
  - b) within the district boundaries of an irrigation district that has a permit for a groundwater savings facility and where the water to be recovered is or will be stored; or
  - c) any other area that has been shown to have been positively impacted by the storage of the water to be recovered as demonstrated by a hydrologic model approved by the Director.
9. Defines terms.
10. Makes technical changes.

11. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Removes new applications for which a substitute service provider has applied for a new designation for the same service area when acquiring the assets of a prior provider from the prohibition on the Director reviewing the physical availability of the groundwater and the stored water to be recovered outside of the area of impact of storage, under certain circumstances.
2. Limits the determination of whether changes to a plat are material changes to only when there is a reduction in the total water demand for the subdivision.
3. Removes language that authorizes the Director to revise the assured water supply rules to apply the determination of whether changes to a plat are material changes to AMAs other than the Pinal AMA.
4. Removes the statement of legislative intent.
5. Makes technical changes.

Amendments Adopted by Committee of the Whole

1. Applies, to any AMA rather than just the Pinal AMA, the prohibition on ADWR considering a change in the number of housing units of lots as a material change to a plat if there is a reduction in the total water demand for the subdivision.
2. Makes a technical change.

Senate Action

NREW	1/27/21	DPA	7-2-0
3 <sup>rd</sup> Read	2/3/21		27-3-0

House Action

NREW	1/21/21	DP	7-3-0-0
3 <sup>rd</sup> Read	2/4/21		47-12-0-0-1

(S.B. 1274 was substituted for H.B. 2336 on 3<sup>rd</sup> Read)

Signed by the Governor 2/12/21  
Chapter 17

Prepared by Senate Research  
February 19, 2021  
KN/gs