House Engrossed Senate Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 126

SENATE BILL 1478

AN ACT

AMENDING TITLE 45, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 15; AMENDING SECTIONS 45-2104, 45-2113, 45-2423, 45-2456, 45-2457 AND 45-2491, ARIZONA REVISED STATUTES; RELATING TO WATER CONSERVATION RESOURCE MANAGEMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 45, chapter 1, Arizona Revised Statutes, is amended by adding article 15, to read:

ARTICLE 15. WATERSHED IMPROVEMENT PROGRAM

45-351. Watershed improvement program; purpose; projects; funding

A. THE WATERSHED IMPROVEMENT PROGRAM IS ESTABLISHED IN THE DEPARTMENT UNDER THE AUTHORITY OF THE DIRECTOR FOR THE PURPOSE OF SELECTIVE CONTROL, REDUCTION OR REMOVAL OF NOXIOUS BRUSH AND OTHER VEGETATION AND FOR THE REVEGETATION OF LAND ON WHICH BRUSH AND VEGETATION HAS BEEN CONTROLLED, REDUCED OR REMOVED.

B. THE WATERSHED IMPROVEMENT PROGRAM MAY PROVIDE FUNDING FOR PROJECTS THAT ARE DESIGNED TO CONTROL, REDUCE OR REMOVE BRUSH FROM A WATERSHED OR A PORTION OF A WATERSHED, CONSISTENT WITH THE PURPOSES OF THE PROGRAM.

C. ANY PERSON, ORGANIZATION OR POLITICAL SUBDIVISION IS ELIGIBLE TO APPLY FOR PROJECT FUNDING FROM THE PROGRAM.

D. THE WATERSHED IMPROVEMENT PROGRAM SHALL BE FUNDED FROM ANY MONIES MADE AVAILABLE FOR THAT PURPOSE FROM THE ARIZONA WATER PROTECTION FUND ESTABLISHED BY SECTION 45-2111, FROM ANY MONIES MADE AVAILABLE FOR THAT PURPOSE FROM THE DEPARTMENT AND FROM ANY OTHER MONIES RECEIVED BY THE PROGRAM.

45-352. Program administration; rules; project criteria; report

A. THE DEPARTMENT SHALL ADOPT RULES TO CARRY OUT THE PURPOSES OF THIS ARTICLE, INCLUDING RULES THAT PRESCRIBE CRITERIA FOR PROJECT PROPOSALS AND THAT ESTABLISH PRIORITIES FOR PROJECTS FOR EACH FUNDING CYCLE, INCLUDING A PRIORITY FOR PROJECTS THAT BALANCE THE MOST CRITICAL NEEDS.

B. THE DEPARTMENT MAY EMPLOY OR CONTRACT WITH PERSONS AS REASONABLY NECESSARY TO IMPLEMENT THIS ARTICLE.

C. THE DEPARTMENT SHALL REPORT TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE AND THE GOVERNOR ON OR BEFORE DECEMBER 31 EACH YEAR REGARDING THE ACTIVITIES OF THE WATERSHED IMPROVEMENT PROGRAM DURING THE PRECEDING FISCAL YEAR AND SHALL PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF STATE. THE DEPARTMENT SHALL MAKE THE REPORT AVAILABLE TO THE PUBLIC BY POSTING THE REPORT ON THE DEPARTMENT'S WEBSITE.

45-353. Program termination

THE PROGRAM ESTABLISHED BY THIS ARTICLE ENDS ON JULY 1, 2024 PURSUANT TO SECTION 41-3102.

Sec. 2. Section 45-2104, Arizona Revised Statutes, is amended to read:

45-2104. Powers and duties; limitations

A. The powers and authority vested in and the duties imposed on the members of the commission shall be exercised by a quorum of members, which consists of a majority of members then in office, except that a lesser number may hold public meetings without taking legal action.

B. The commission shall:

1. Adopt rules necessary to perform its duties.

2. Administer the expenditure of monies in accordance with section 45-2113.

3. Coordinate its staffing needs with the director and the state land commissioner.

4. Make and execute all necessary contracts, including grants and intergovernmental agreements pursuant to title 11, chapter 7, article 3.

5. Adopt an official seal for the authentication of its records, decisions and resolutions.

6. Keep the minutes of its meetings~~,~~ AND all records, reports and other information relating to its work and programs in permanent form, systematically indexed and filed.

7. Designate the person or persons who shall execute all documents and instruments on behalf of the commission.

8. Each year elect two members to act as a chair and a vice-chair for the commission.

9. Manifest and record its actions by motion, resolution, order or other appropriate means.

10. In addition to those meetings required by law to be open, hold open public meetings as the commission considers appropriate.

11. Prepare an annual report of its activities.

C. The commission may:

1. Sue and be sued.

2. Contract with any person for the expenditure of monies, including the granting of monies, consistent with section 45-2113.

3. Meet jointly with federal or state authorities to consider matters of mutual interest.

4. Secure from any federal or state agency or department information necessary to enable the commission to carry out its purposes.

5. 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 authorized in this chapter.

6. Perform all other acts necessary to carry out the purposes of this chapter.

D. Nothing in this chapter shall be construed to authorize the commission to purchase real property or to use this state's right of eminent domain to acquire water or water rights OR LONG-TERM STORAGE CREDITS using monies derived from the Arizona water protection fund established by section 45-2111.

Sec. 3. Section 45-2113, Arizona Revised Statutes, is amended to read:

45-2113. Fund grants; applications

A. The commission shall grant monies from the fund consistent with the application guidelines developed pursuant to section 45-2105. The commission shall establish a procedure by which monies may be granted annually which shall include a maximum of six months between the receipt of the proposal by

the commission and the disbursement of monies. The commission shall give priority in funding to the following:

1. Projects for which matching monies or assets of comparable value, including in-kind contributions, will be provided by other sources.

2. Projects that provide for the continued maintenance of the portion of the river and stream and associated riparian habitat that are enhanced by the project.

3. Projects that include broad based local involvement.

4. Projects that directly benefit perennial or intermittent rivers or streams.

B. The commission shall require as a condition of approval of any proposal all of the following provisions:

1. Allowing access for inspection and evaluation of the project.

2. Controlling the expenditure of and accounting for any monies granted by the commission

3. Requiring that those persons responsible for the project submit all pertinent information and research gained from the project to the commission.

4. Requiring that any person receiving a grant spend no more than five per cent of the grant on costs of administration.

C. The commission shall provide for public involvement regarding the applications submitted to the commission which shall include notice to any person who requests notice of applications and which shall provide a reasonable opportunity for comment on the application which shall not be less than forty-five days.

D. On receipt of an application the commission shall notify cities, towns, counties, natural resource conservation districts, special districts and Indian communities affected by the proposal and shall provide a reasonable opportunity for comment on the application which shall not be less than forty-five days.

E. Any person, state agency or political subdivision of this state may submit a request for funding from the fund for purposes prescribed by this section. A federal agency is not eligible for funding from the fund. Requests for funding shall be made to the commission. Requests for funding submitted to the commission may be accompanied by expressions of support from affected cities, towns, counties, natural resource conservation districts, special districts or Indian communities.

F. As a condition of approval by the commission, the applicant shall commit to work jointly with the affected cities, towns, counties, natural resource conservation districts, special districts and Indian communities that have contacted the commission pursuant to subsection D of this section on all aspects of the proposal's implementation and monitoring, unless the jurisdiction chooses not to participate.

G. Monies in the fund may only be spent to finance programs located in this state.

H. Monies in the fund may be spent for any of the following:

1. Granting monies to entities for the acquisition of central Arizona project water or effluent that will protect or restore rivers or streams consistent with state water law. No entity may exercise the right of eminent domain to acquire water or water rights using monies derived from this fund.

2. Granting monies to assist in developing, promoting and implementing water conservation programs, directly related to the purposes of this chapter, outside of the active management areas, except that no more than five per cent of the monies spent in any fiscal year may be spent for this purpose.

3. Granting monies in support of research and data collection, compilation and analysis directly related to the purposes of this chapter except that no more than five per cent of the monies deposited in the fund in any fiscal year may be spent for this purpose. Before the approval of any such project, the commission shall consult with the department of water resources and the state land department to determine whether any research of a similar nature has been or is in the process of being performed and is already available. The commission shall not approve a proposal if either department determines that sufficient data exists and notifies the commission in writing.

4. Granting monies for the development and implementation of capital projects or specific measures consistent with the purposes of this chapter.

I. Monies in the fund may not be spent for:

1. ANY PROJECT THAT INCLUDES THE PLANTING OF MESQUITE, TAMARISK OR OTHER NONNATIVE HIGH WATER USAGE TREES THAT CONSUME WATER TO A DEGREE THAT IS DETRIMENTAL TO WATER CONSERVATION EFFORTS, BUT MAY BE USED FOR REMOVAL OF MESQUITE, TAMARISK OR OTHER NONNATIVE HIGH WATER USAGE TREES THAT CONSUME WATER TO A DEGREE THAT IS DETRIMENTAL TO WATER CONSERVATION EFFORTS.

2. ANY remedial action purposes undertaken pursuant to the comprehensive environmental response, compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat. 2767; 42 United States Code section 9601) or title 49, chapter 2, article 5.

Sec. 4. Section 45-2423, Arizona Revised Statutes, is amended to read:

45-2423. Powers and duties of authority

A. The authority, acting through its commission, shall:

1. Administer the Arizona water banking fund in accordance with this chapter.

2. Coordinate its staffing needs with the director and CAWCD.

3. Coordinate the storage of water and distribution and extinguishment of long-term storage credits with the director in accordance with this chapter and the water management objectives set forth in chapter 2 of this title.

4. Coordinate with CAWCD for the purchase, delivery and storage of Colorado river water delivered through the central Arizona project in accordance with this chapter AND CONFER WITH CAWCD REGARDING THE PURCHASE OF LONG-TERM STORAGE CREDITS FOR WHICH CAWCD WILL BE THE RECOVERY AGENT.

5. Coordinate and confer with state agencies, municipal corporations, special districts, authorities, other political subdivisions, private entities, Indian communities and the United States on matters within their jurisdiction relating to the policy and purposes of this chapter.

6. Determine, on an annual basis, the quantity of Colorado river water, surface water other than Colorado river water and effluent to be stored by the authority and where that storage will occur.

7. Account for, hold and distribute or extinguish long-term storage credits in accordance with this chapter.

8. Comply with all aspects of chapter 3.1 of this title.

9. Perform the authority's replenishment responsibilities under chapter 15, article 3 of this title with monies appropriated from the state general fund by the legislature for that purpose and to the extent that monies appropriated by the legislature for that purpose are not available, with monies collected in the Pinal active management area pursuant to section 45-611, subsection C, paragraph 3.

10. Carry out the obligations of this state under section 105 of Public Law 108-451 as agent for this state, including the direct delivery of water to Indian communities in this state and the leasing of non-Indian agricultural priority and Indian priority central Arizona project water as prescribed by article 5 of this chapter.

11. Adopt an official seal for the authentication of its records, decisions and resolutions.

12. Keep the minutes of its meetings and all records, reports and other information relating to its work and programs in permanent form, systematically indexed and filed.

B. The authority, acting through its commission, may:

1. Apply for and hold water storage permits.

2. Accrue, PURCHASE, exchange, assign, lend and hold long-term storage credits in accordance with this chapter, SUBJECT TO THE FOLLOWING:

(a) EXCEPT FOR THE PURCHASE OF LONG-TERM STORAGE CREDITS FROM AN INDIAN COMMUNITY PURSUANT TO SECTION 45-841.01, THE AUTHORITY MAY PURCHASE LONG-TERM STORAGE CREDITS ONLY AFTER THE AUTHORITY HAS STORED OR SCHEDULED FOR STORAGE ALL AVAILABLE EXCESS CENTRAL ARIZONA PROJECT WATER OR WHEN CENTRAL ARIZONA PROJECT WATER IS OTHERWISE UNAVAILABLE OR UNDELIVERABLE.

(b) LONG-TERM STORAGE CREDITS ACCRUED OR PURCHASED BY THE AUTHORITY MUST BE DISTRIBUTED OR EXTINGUISHED IN ACCORDANCE WITH THE RULES OF OPERATION SPECIFIED IN SECTION 45-2457 FOR THE MONIES USED BY THE AUTHORITY TO ACCRUE OR PURCHASE THE CREDITS.

3. Exchange Colorado river water for any type of water in accordance with chapter 4 of this title.

4. Enter into water banking services agreements.

5. Charge fees for water banking services.

6. Apply for and hold any water quality permit required for water storage by the department of environmental quality under title 49, chapter 2, article 3 or by federal law.

7. Make and execute all contracts, including intergovernmental agreements pursuant to title 11, chapter 7, article 3, that shall be signed by the chairperson, or in the chairperson's absence the vice-chairperson, and attested by the secretary, necessary to:

(a) Obtain for storage Colorado river water delivered through the central Arizona project. Agreements by which the authority obtains Colorado river water are exempt from the requirements of title 41, chapter 23.

(b) Obtain effluent or surface water other than Colorado river water for storage but only after the authority has stored OR SCHEDULED FOR STORAGE all available excess Central Arizona project water or when central Arizona project water is otherwise unavailable or undeliverable.

(c) Affiliate water storage permits held by the authority with storage facility permits.

(d) Store water for purposes of this chapter at permitted storage facilities.

(e) Distribute long-term storage credits ~~earned~~ ACCRUED OR PURCHASED by the authority to make water available to municipal and industrial users of Colorado river water in this state that are inside or outside of the CAWCD service area, in accordance with the provisions of this chapter.

(f) Store Colorado river water in Arizona on behalf of appropriately authorized agencies in California and Nevada.

(g) Cause a decrease in Arizona diversions from the Colorado river, ensuring that Arizona will use less than its full entitlement to Colorado river water in years in which California and Nevada agencies are contractually authorized to call on the water stored on their behalf by the authority.

(h) Distribute long-term storage credits earned by the authority on behalf of agencies in California and Nevada to Colorado river water users in Arizona to use in place of Colorado river water that would have otherwise been used by those Arizona users.

(i) Replenish water pursuant to chapter 15, article 3 of this title, including entering into an intergovernmental agreement with the Gila river Indian community pursuant to section 45-2624.

(j) Distribute long-term storage credits ~~earned~~ ACCRUED OR PURCHASED by the authority to make water available to Indian communities in this state for Indian firming measures pursuant to article 5 of this chapter.

8. Sue and be sued.

9. Perform all other acts necessary for the authority to carry out its purposes, powers and duties in accordance with this chapter.

10. Submit a request for a general fund appropriation to the legislature each year. A request shall be accompanied by a budget detailing

how the appropriation would be used and justifying the need for the appropriation.

11. Form temporary committees as deemed necessary by the authority to provide the authority with advice on issues identified by the authority. Advisory committees may consist of members of the public selected by the authority, members of the authority and authority staff.

~~12. Purchase long-term storage credits accrued by an Indian community pursuant to section 45-841.01, provided such long-term storage credits are distributed or extinguished in accordance with the rules of operation specified in section 45-2457 for the funds used by the authority to purchase the credits.~~

Sec. 5. Section 45-2456, Arizona Revised Statutes, is amended to read:

45-2456. Annual plan of operation

A. By January 1 of each year, the authority shall adopt a plan of operation for that calendar year.

B. In developing the plan of operation, the authority shall consider all of the following:

1. The amount of Colorado river water available for storage.

2. The advice of the department of water resources regarding where water storage would most contribute to fulfilling the water management objectives set forth in chapter 2 of this title.

3. The advice of CAWCD regarding the amount and location of water delivery and storage that is feasible.

4. The respective costs of storing water at available storage facilities.

5. The amount of storage allowed by water storage permits held by the authority.

6. The monies available from the banking fund.

7. The way in which water stored could be used by the authority to achieve the policy and purposes of this chapter.

8. The obligations of the authority under any water banking services agreement into which the authority has entered.

9. Any other factor the authority determines to be relevant.

C. The authority shall prepare a draft plan of operation each year. The authority shall solicit public comment on the draft plan of operation by presenting the draft plan of operation:

1. To the groundwater users advisory councils for the Tucson, Phoenix and Pinal active management areas. The presentation shall be made at publicly noticed open meetings of each advisory council at which members of the public shall be allowed to comment on the draft plan of operation.

2. If any water storage during the year is to occur outside of an active management area, to the county board of supervisors for each county in which the storage is to occur. The presentation shall be made at a publicly noticed open meeting of the county board of supervisors at which members of the public shall be allowed to comment on the draft plan of operation.

D. The authority may revise the draft plan of operation based on the public comment received.

E. An adopted plan of operation shall include all of the following:

1. A projection of expenditures for acquiring water.

2. A projection of the amount of water to be acquired each month by the authority.

3. A projection of the cost of delivering that water through the central Arizona project to a storage facility, including fees for the operation, maintenance, pumping energy and capital costs of the central Arizona project as established by CAWCD.

4. A projection of expenditures for water storage AND LONG-TERM STORAGE CREDITS, INCLUDING THE FUNDING SOURCES TO BE USED FOR THOSE EXPENDITURES.

5. A projection of water storage permits to be obtained and a projection of with which storage facility permit each water storage permit will be affiliated.

6. A projection of the amount of water to be stored, accounted for by active management area, and if water storage will occur outside of an active management area, by groundwater basin or subbasin.

7. A PROJECTION OF THE AMOUNT OF LONG-TERM STORAGE CREDITS TO BE PURCHASED BY THE AUTHORITY, ACCOUNTED FOR BY ACTIVE MANAGEMENT AREA.

~~7.~~ 8. A projection of long-term storage credits that will be distributed or extinguished, accounted for by location where the long-term storage credits were stored, the purpose for which the distribution or extinguishment will occur and the persons to whom the long-term storage credits will be distributed.

~~8.~~ 9. A projection of long-term storage credits that will be stored, loaned, replaced or distributed pursuant to any water banking services agreement into which the authority has entered.

~~9.~~ 10. Any other matter determined to be relevant by the authority.

F. The authority may modify an adopted plan of operation.

G. The authority shall operate in accordance with its adopted or modified plan of operation.

Sec. 6. Section 45-2457, Arizona Revised Statutes, is amended to read:

45-2457. Accounting; rules of operation

A. The authority shall develop an accounting system for the long-term storage credits accrued OR PURCHASED by the authority. The accounting system shall be designed to allow the authority to determine which funding source of the banking fund paid for each long-term storage credit accrued OR PURCHASED by the authority.

B. The authority shall operate in accordance with all of the following rules of operation:

1. The authority shall reserve a reasonable number of long-term storage credits accrued OR PURCHASED with general fund appropriations, other than general fund appropriations for replenishment under chapter 15, article

3 of this title, for the benefit of municipal and industrial users of Colorado river water in this state that are outside of the service area of CAWCD.

2. The authority may distribute long-term storage credits accrued OR PURCHASED with general fund appropriations, other than general fund appropriations for replenishment under chapter 15, article 3 of this title, for both of the following:

(a) To make water available to a municipal and industrial user of Colorado river water in this state that is outside of the service area of CAWCD, if both of the following apply:

(i) The municipal and industrial user would otherwise suffer a water shortage. The authority may distribute long-term credits to the extent reasonably necessary to offset the water shortage.

(ii) The authority collects reimbursement for the cost to the authority of replacing the long-term storage credits distributed. The authority may replace the long-term storage credits in any year it deems appropriate but shall use good faith efforts to replace the long-term storage credits at a reasonable cost to the person who is responsible for reimbursing the authority for the credits distributed.

(b) To make water available to CAWCD to the extent necessary for CAWCD to meet the demands of its municipal and industrial subcontractors, if all of the following apply:

(i) CAWCD's normal diversions from the Colorado river have been or will be disrupted by shortages on the river or by disruptions in the operation of the central Arizona project.

(ii) The authority does not distribute for this purpose the long-term storage credits reserved in accordance with paragraph 1 OF THIS SUBSECTION.

(iii) The authority collects reimbursement from CAWCD for the cost to the authority of replacing the long-term storage credits distributed. The authority may replace the long-term storage credits in any year it deems appropriate but shall use good faith efforts to replace the long-term storage credits at a reasonable cost to CAWCD.

3. The authority may distribute or extinguish long-term storage credits accrued OR PURCHASED with general fund appropriations, other than general fund appropriations for replenishment under chapter 15, article 3 of this title, to implement the settlement of water right claims by Indian communities in this state.

4. On request from the director, the authority may extinguish long-term storage credits accrued OR PURCHASED with general fund appropriations, other than general fund appropriations for replenishment under chapter 15, article 3 of this title, to fulfill the water management objectives set forth in chapter 2 of this title.

5. The authority may exchange long-term storage credits accrued OR PURCHASED with general fund appropriations for long-term storage credits held by other persons if the long-term storage credits received by the authority

were stored in a location that better enables the authority to fulfill the purposes and policies of this chapter than were the long-term storage credits exchanged by the authority. For the purposes of this paragraph, the authority may make exchanges of long-term storage credits stored in one active management area for long-term storage credits stored in a different active management area or of long-term storage credits stored in one groundwater basin for long-term storage credits stored in a different groundwater basin.

6. The authority shall distribute or extinguish long-term storage credits accrued OR PURCHASED with monies collected in accordance with section 45-611, subsection C, paragraph 3 only for the benefit of the active management area in which the monies were collected. The authority may distribute or extinguish these long-term storage credits to the extent necessary to meet the demands of CAWCD's municipal and industrial subcontractors during times in which CAWCD's diversions from the Colorado river have been or will be disrupted by shortages on the Colorado river or by disruptions in operation of the central Arizona project, to implement the settlement of water right claims by Indian communities in this state or, on request from the director, to meet the other water management objectives set forth in chapter 2 of this title. The authority may use the monies collected in the Pinal active management area under section 45-611, subsection C, paragraph 3 to acquire long-term storage credits for replenishment purposes under chapter 15, article 3 of this title.

7. The authority shall distribute long-term storage credits accrued OR PURCHASED with monies deposited in the fund in accordance with section 48-3715.03, subsection B only for the benefit of the county in which the monies were collected. The authority shall distribute these long-term storage credits to CAWCD to the extent necessary to meet the demands of CAWCD's municipal and industrial subcontractors during times in which CAWCD's diversions from the Colorado river have been or will be disrupted by shortages on the Colorado river or by disruptions in operation of the central Arizona project.

8. For each county within the CAWCD service area, on a determination by the authority that the number of long-term storage credits accrued OR PURCHASED with monies deposited in the fund in accordance with section 48-3715.03, subsection B exceeds the needs specified in paragraph 7 OF THIS SUBSECTION for that county, the authority shall distribute those excess long-term storage credits to municipal water providers within that county that are at the time of distribution experiencing surface water supply shortages not associated with the central Arizona project. The authority shall distribute to each such municipal water provider the lesser of the following number of long-term storage credits:

(a) The total number of credits determined to be available by the authority under this paragraph multiplied by the percentage produced by dividing a numerator equaling the amount of revenues paid pursuant to section

48-3715.02, subsections B and C by taxpayers that are within both the boundaries of the municipal provider that is experiencing the shortage and the boundaries of the surface water supply system that is experiencing the shortage by a denominator equaling the total revenues paid pursuant to section 48-3715.02, subsections B and C by all taxpayers that are located within both the boundaries of a municipal water provider and the boundaries of a surface water supply system in the county. In making these computations, the authority shall use the amounts of revenue paid by taxpayers during the most recent tax year for which this information is available.

(b) Twenty per cent of the total surface water shortage that the municipal and industrial water provider is experiencing.

9. The authority shall distribute or replace long-term storage credits accrued with monies collected pursuant to water banking services agreements in accordance with the terms of those agreements.

10. The authority shall acquire sufficient water supplies to perform its replenishment responsibilities under chapter 15, article 3 of this title. The authority shall acquire those water supplies with monies appropriated from the state general fund by the legislature for replenishment under chapter 15, article 3 of this title and to the extent that monies appropriated by the legislature for that purpose are not available, with monies collected in the Pinal active management area under section 45-611, subsection C, paragraph 3. The authority shall use the water supplies acquired pursuant to this paragraph for any replenishment activity authorized by section 45-2623 and for implementation of the southside replenishment bank established by section 45-2624, including delivering water directly to the Gila river Indian community for those purposes.

C. Any other long-term storage credits accrued OR PURCHASED by the authority may be distributed or extinguished by the authority in accordance with the policy and purposes of this chapter.

D. Except as provided by subsection B, paragraph 7 of this section and except as provided by agreements entered into by the authority, the decision to distribute or extinguish any long-term storage credit accrued OR PURCHASED by the authority is at the complete discretion of the authority.

Sec. 7. Section 45-2491, Arizona Revised Statutes, is amended to read:

45-2491. State commitments to firm Indian settlement water

A. The authority shall act as agent for this state in meeting this state's obligation to deliver water in times of shortage pursuant to Public Law 108-451, fulfilling the requirements of sections 105, 207(c)(I)(ii) and 302(b)(8), and the Indian firming measures established pursuant to this article. In carrying out this obligation the authority may:

1. Store water at permitted recharge facilities for the purpose of Indian firming.

2. PURCHASE LONG-TERM STORAGE CREDITS FOR THE PURPOSE OF INDIAN FIRMING USING THE FUNDING SOURCES IDENTIFIED IN SUBSECTION B OF THIS SECTION

BUT ONLY AFTER THE AUTHORITY HAS STORED OR SCHEDULED FOR STORAGE ALL AVAILABLE EXCESS CENTRAL ARIZONA PROJECT WATER OR WHEN CENTRAL ARIZONA PROJECT WATER IS OTHERWISE UNAVAILABLE OR UNDELIVERABLE.

~~2.~~ 3. Enter into contracts or agreements with the United States and Indian communities for storage, recovery or direct delivery of water for Indian firming.

~~3.~~ 4. Enter into leasing agreements with one or more Indian communities in partnership with other entities for non-Indian agricultural priority or Indian priority central Arizona project water.

~~4.~~ 5. Enter into contracts for the use of water sources including Colorado river water, surface water other than Colorado river water and effluent.

~~5.~~ 6. Enter into contracts with eligible entities for the use of imported groundwater from allowable groundwater basins pursuant to sections 45-552, 45-553 and 45-554 for the purposes of Indian firming.

~~6.~~ 7. Enter into agreements with a multi-county water conservation district established pursuant to title 48, chapter 22 for delivery of water to Indian communities.

~~7.~~ 8. Subject to periodic review of progress toward meeting this state's Indian firming obligation, allow for the use of existing long-term storage credits developed from withdrawal fees collected pursuant to section 45-611, subsection C, paragraph 3.

~~8.~~ 9. Transfer long-term storage credits to a multi-county water conservation district established pursuant to title 48, chapter 22 for recovery and subsequent delivery to Indian communities in times of shortage.

~~9.~~ 10. Enter into agreements for the recovery of long-term storage credits for purposes of Indian firming.

B. Indian firming measures established pursuant to this article shall include funding from the following sources:

1. Legislative appropriations provided for Indian firming on an annual basis to carry out Indian firming measures.

2. To the extent necessary to carry out Indian firming measures after expenditure of legislative appropriations, the authority may use withdrawal fees collected from the Phoenix, Pinal and Tucson active management area water management accounts.

APPROVED BY THE GOVERNOR APRIL 22, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.

Passed the House April 15, 2014,

by the following vote: 47 Ayes,

13 Nays, 0 Not Voting

Speaker of the House

Cheryl Laube

Chief Clerk of the House

Passed the Senate February 27, 2014,

by the following vote: 20 Ayes,

10 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA~~
OFFICE OF GOVERNOR
This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

~~Approved this~~ _____ day of

_____, 20_____,

at _____ o'clock _____ M.

Governor of Arizona

S.B. 1478

~~EXECUTIVE DEPARTMENT OF ARIZONA~~
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 16, 2014

by the following vote: 18 Ayes,

11 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

17 day of April, 2014

at 8:20 o'clock A M.

Secretary to the Governor

Approved this 22nd day of

April

at 3:15 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 23rd day of April, 2014

S.B. 1478

at 9:40 o'clock a M.

Secretary of State