



Southern Arizona Water Users Association

SAWUA is a voluntary nonprofit association organized in 1999 to discuss, analyze, and recommend ways to preserve and enhance the quality and quantity of Southern Arizona’s water resources.

Avra Water Co-Op

BKW Farms

Community Water Company of Green Valley

Farmers Investment Company

Flowing Wells Irrigation District

Green Valley Water Improvement District

Kai Farms

Town of Marana Municipal Utilities Department

Metro Water District

Oro Valley Water Utility

Pima County Regional Wastewater Reclamation Department

Red Rock Utilities

Sahuarita Water Company

Town of Sahuarita Water Reclamation Facility

Tucson Water

2014 Legislative Session Wrap-Up

Throughout the 2014 legislative session, SAWUA contributed to the policy discussions on water related legislation, communicating with elected officials, senior gubernatorial staff and stakeholders on water policy matters impacting our region.

Since 2001, SAWUA has maintained an active and respected presence at the Arizona Legislature, working to advocate for effective water policy, mitigating those measures that otherwise may potentially have adverse impacts and, when necessary, opposing legislation that would be detrimental to Southern Arizona or statewide water policy interests.

This legislative edition of the SAWUA Quarterly Bulletin is intended to provide an overview of the major legislation impacting water policy in Arizona during the 2014 legislative session. The bulletin also provides commentary on a disturbing trend in Arizona water policy development in which interested parties are forgoing the time honored consensus approach to legislation and, alternatively, pursuing independent efforts to change statutes, despite the potential for long-term adverse impacts on Arizona’s ability to manage limited water resources.

**Commentary
Need for Transparency in Water Legislation**

Historically, successful water policy in Arizona has been the result of bringing together diverse stakeholders, forged together by common and distinctive interests, to achieve consensus on how best to manage limited water resources. This approach is critical for water policy, as water fuels Arizona’s economy and is the most important factor for our future.

While disagreements are an inevitable part of any complicated public policy discussion, transparency has been the cornerstone of all major water legislation in Arizona, including the Groundwater Management Act of 1980. It is difficult to imagine how legacy legislation would have been achievable if the impacted parties, during that era, had operated in a manner that was shrouded in secrecy, deceit and void of the integrity that genuine public debate yields.

Despite Arizona’s rich and robust tradition of stakeholder input in the development of water policy, during the 2014 legislative session, representatives of the home building industry, in the midst of debate on the state budget, inserted a change to the statutes that govern the collection of activation fees assessed by the Central Arizona Groundwater Replenishment District (CAGRDR).

Briefly, SB 1487, which focused on revenue reconciliation for the FY 2015 budget, was amended on the Senate Floor to allow a subdivider to shift the activation fee charged by CAGRDR on to the ultimate buyer of the property rather than requiring the subdivider to pay the fee prior to selling the property.

The assessment and collection of CAGRDR activation fees had little or no practical application to the implementation of the state budget. Moreover, as Floor debates offer no opportunity for public testimony or input, policymakers are limited in their ability to fully appreciate the ramifications of such amendments, due to the absence of expert testimony and public input.

As a result, SB 1487, as amended in the Senate, was in direct contradiction to a previously reached consensus agreement that had been achieved between the recognized water policy stakeholders, including representatives from the

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homebuilding industry. The agreement was achieved after months of collaboration with a well-documented public participation process.

While a compromise was reached, the legislation was pursued by a means significantly different from previous legislation related to water and the compromise different from the consensus agreement that was previously reached among stakeholders. More importantly, the proposed legislation would have weakened the financial viability of the CAGRD, from which the homebuilders have benefited so much.

It is well accepted that sustainable water supplies fuel the continued economic expansion of our state and our respective regions. With the enactment of the Groundwater Management Act of 1980, Arizona became a national leader in water management policy. Such legacy legislation was made possible through the collaborative efforts of all parties, including competing interests, which were willing to work together in an open and transparent process.

Regrettably, the strategy utilized to change the collection of water activation fees during 2014 legislative session only served to jeopardize the future of water management policy in Arizona. The long established protocols of how Arizona develops consensus water legislation cannot continue to be jettisoned out of self-interest or convenience without impacting the ability for Arizona to effectively manage its limited water resources.

Noteworthy Legislation

Water Supply Projects

As enacted, HB 2523, relating to water supply projects, allows a county that enters into an intergovernmental agreement or other formal written agreement with a city, town or other water provider regarding a water supply development project, to apply for Water Infrastructure Finance Authority (WIFA) funds.

The legislation adds environmental or other reviews, permits or plans reasonably necessary for the acquisition of water or rights to water, as an allowable use of WIFA monies. The bill further allows the use of WIFA monies to a water provider located outside of an AMA if either of the following applies: a) the Director of Water Resources has designated the water provider as having an adequate water supply pursuant to existing statute; or, b) the water provider will use the financial assistance for a water supply development project and the Director of Water Resources has determined pursuant to existing statute that there is an adequate water supply for all subdivided land that will be served by the project and for which a public report was issued.

Lastly HB 2523, established a Rural Water Supply Development and Contamination Prevention Study Committee to consider the possible effects of waste treatment, storage and disposal facilities on the development of long-term water supplies for rural areas that are under consideration for funding from the water supply development revolving fund.

Purchase of Long-term Storage Credits by AWBA

After a series of discussions, a compromise was achieved between the Arizona Water Banking Authority (AWBA) and the Central Arizona Water Conservation District (CAWCD) that will allow the AWBA to purchase long-term storage credits.

Under HB 1478, the AWBA, after conferring with the CAWCD, may obtain such credits only after all available excess Central Arizona Project water has been stored or scheduled to be stored.

State Agency Rule Making Restrictions

Governor Brewer vetoed HB 2549, which would have prohibited a state agency from adopting any new rule that would increase the existing regulatory restraints or burdens on the free exercise of property rights, the freedom to engage lawful business or occupation, with

specified exemptions. The Governor vetoed a similar bill in 2013.

From a water policy perspective, the Arizona Department of Water Resources (ADWR) observed that the legislation was too restrictive, as the legislation, if enacted, would disallow the decision making components required to implement the Groundwater Management Act. Moreover, as hydrologic conditions change, technology/science tools change, and court decisions are issued, the existing rules will need to be changed to reflect the new conditions. Nearly all statutes governing water management in Arizona requires some level of interpretation or judgment.

In her veto message of HB 2549, Governor Brewer believed that the legislation “would have unintended consequences negatively impacting state agencies ability to implement state law.”

State Agency Continuations

Established by Laws 1978, Chapter 210 Arizona’s sunset review process requires the Legislature to periodically review the purpose and functions of state agencies to determine whether continuation, revision, consolidation or termination is warranted. Sunset reviews are based on audits conducted by either the Office of the Auditor General (OAG) or a Committee of Reference (COR).

The Arizona Department of Environmental Quality was continued for eight years, the longest continuation in the agency’s history. The Water Infrastructure Finance Authority was also continued for eight years.

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